Closing New Brunswick's Wage Gap: An Economic Imperative

Final Report of the
New Brunswick Wage Gap Roundtable
November, 2003

Dedicated to the Memory of Julie Szo

104-02689/

Our Vision
Énoncé de vision

Through innovative, practical and effective initiatives acceptable to all stakeholders, New Brunswick will create a sustainable environment which will eliminate the wage gap between women and men.

Au moyen d'initiatives innovatrices, pratiques et efficaces qui conviennent à tous les Intervenants, le Nouveau-Brunswick mettra en oeuvre un environnement Durable propice à l'élimination de l'écart salarial entre les femmes et les hommes.

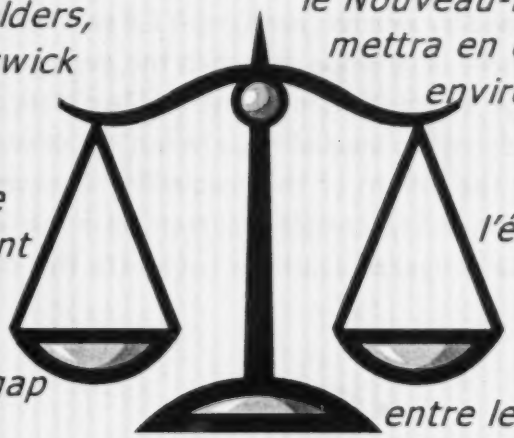

Figure 1 - Our Vision

PREFACE

Wage Gap Or Pay Equity?

This report investigates New Brunswick's wage gap, what causes it and what we can do to reduce it. The term «wage gap» is not, however, very well known, while the term «pay equity» is, and so many feel we are investigating the latter. For us the distinction between the two terms is significant, for it defines the scope of our work. *Wage gap* refers to the overall issue, and *pay equity* refers to one solution for one part of the whole gap. It is important that we all understand the distinction at the outset, and so we preface our findings with an explanation of each term.

(a) Wage Gap

The *wage gap* is the gap between the average wages earned by men and the average wages earned by women (*paragraph 1.5* sets out how to calculate the wage gap). Since there is no *wage gap* when the average wages of men are equal to the average wages of women, the very existence of a *wage gap* indicates there is economic inequality between the sexes. The size of the *wage gap* indicates the extent of this inequality. Economic inequality between men and women is a complex matter, as is the wage gap that measures it, and our proposed solutions recognize this complexity.

(b) Pay Equity

Pay equity refers to the principle of equal pay for work of equal value. This requires that all jobs are paid on the basis of an objective evaluation. Such evaluations assess the effort, skill and responsibility and the working conditions required to perform any job. Employers who wish to ensure they have *pay equity* in their workplaces use these *gender-neutral job evaluation tools* to assess jobs in this way and then assign pay accordingly.

(c) Pay Equity in Wage Gap Discussions

Pay equity is brought into *wage gap* discussions because one of the three known contributors to the wage gap is the under-valuation (i.e. under-payment) of traditional women's work. Because *pay equity* evaluations seek to correct this under-valuation, they are thought to help reduce the wage gap. *Pay equity* evaluations are therefore one tool of many that seek to reduce the overall wage gap.

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EXECUTIVE SUMMARY

We twelve members of the New Brunswick Wage Gap Roundtable were mandated to create an understanding among stakeholders of the key issues underlying the wage gap between men's earnings and women's earnings and how these can be practically addressed in the NB situation.

In order to fulfill this mandate, we looked to the issues, the research evidence and the New Brunswick economy. We talked with employers and employees, and we heard from government and union officials and interested parties. We summarize our findings and conclusions below.

The elimination of the wage gap in New Brunswick will mean economic equality between men and women. It will also mean significant improvement in women's economic productivity, which is very good news for the province, and not a moment too soon. For us, this is the economic imperative for closing the wage gap.

I The Issues

- The first issue we encountered is public confusion between the concept of «wage gap» and that of «pay equity». The distinction is one of relationship. The wage gap is the overall problem we are investigating while pay equity is one part of the solution. Pay equity is advanced as a solution to one of the three known contributors to the wage gap.
- The wage gap refers to the gap or difference between the wages earned by men and those earned by women. In NB today, women earn 80.9% of what men earn, so the wage gap is 19.1% (based on average hourly earnings). This means that the average hourly wages of all New Brunswick women are 19% less than the average hourly wages of all NB men.
- In every country today, working women face obstacles that working men do not. These result in challenges to women's economic productivity, to the enjoyment of their human rights and to their quality of life. The wage gap indicates the extent of such challenges, which additionally result in the economic inequality between men and women.
- The wage gap has shown much less improvement in recent years than has been expected in "this day and age".
- When men and women are economic equals, there will be no wage gap. This is our long-term vision for New Brunswick.

II The Evidence

- The evidence shows that the wage gap has one key cause: our culture. Our culture has created a set of workplace obstacles for women which set them at an immediate disadvantage with working men. Economic inequality with men is the result, and it is measured by the wage gap.
- The literature also identifies three (3) known contributors to the wage gap, which we have interpreted as these obstacles to women's economic equality. These are: the family responsibilities of working women; the job/industry clustering of working women; and the under-valuation of traditionally women's work. All contributors are likewise caused by societal attitudes and practices.

- Since societal attitudes are the real cause of the wage gap, we must see they are changed, if we are to achieve our *Vision*, and attain economic equality between men and women in our province.

III The New Brunswick Context

- New Brunswick has an aging and declining population. The province is simultaneously facing serious skills shortages, and while New Brunswickers' labour force participation is growing, it is still far below Canadian averages. We need more people working, and we need more people meeting their full working potential There is some urgency to addressing these labour supply issues now and we argue that addressing the wage gap will help do so.
- As set out in its economic agenda, the «Prosperity Plan», New Brunswick's economic future depends on its increased economic productivity. Our demographic future depends to a large part on our ability to continue to raise and nurture families. How can we have the best of both worlds? By eliminating the obstacles to women's full economic productivity, which will in turn reduce and eliminate New Brunswick's wage gap.
- The under-productivity of New Brunswick women is evident in our labour force today. While equal numbers of men and women are working, most men are working full-time, yet one in five working women is working part time. Women are also more likely than men to work part time involuntarily, to work in service industries, and to earn minimum wages.
- We heard from employers about the economic benefits they found in addressing the wage gap. They gave us testimony about the progressive human resource management methods they used to successfully addressed one or all of the three contributors to the wage gap. In all cases the benefits to the company were quantifiable either through productivity improvements, or in lower staff turnover costs or both.
- New Brunswick women told us that while they were aware of the wage gap, they were surprised at its size and wondered why we had not yet found solutions. They also wished they had had better early career counselling.

IV Our Solutions

- The elimination of the wage gap in New Brunswick will mean economic equality between men and women. It will also mean significant improvement in women's economic productivity, which is very good news for the province, and not a moment too soon. For us, this is the economic imperative for closing the wage gap.
- Our solutions are collaborative. We recommend that we dovetail our efforts with all New Brunswickers who are working to improve the province's economic prosperity. For such is the scope of this issue.
- There are three essential thrusts to our counsel to government.
    - First, we ask that government undertake with stakeholders a five-year action plan of voluntary measures to change societal attitudes and address the three known contributors to the wage gap, being family responsibilities; job clustering and the under-valuation of traditional women's work.
    - Second, we ask that government set out by the end of Year One a measurement framework for marking and evaluating success towards action plan objectives. After Year Five, we ask the government to use this framework to evaluate progress, and to develop its second action plan accordingly. Should the evaluation show limited progress towards objectives, we ask that government, in its second action plan, develop appropriate legislation to apply to both public and private sectors of our economy.
    - Third, we ask government to mandate three separate functions to collaborate on closing the wage gap. These are (1) the identification of a Departmental lead in developing and implementing the Action Plan; (2) the naming of an ongoing Wage Gap Advisory Body composed of stakeholders; and (3) the identification of a Department or Agency to monitor progress and continue to advocate for our Vision.

CHAPTER I
THE ISSUES

1.1 The government of New Brunswick created the twelve-member *New Brunswick Wage Gap Roundtable* on July 25, 2002 to address New Brunswickers' concerns over the gap between men's and women's wages. It asked the *Roundtable* to develop understanding among key stakeholders of the main issues underlying this wage gap, and of how these could be practically addressed in the New Brunswick situation. (See *Appendix 1* for the full mandate).

1.2 This is the final report of the *New Brunswick Wage Gap Roundtable*. In it we lay out the evidence we have considered, our conclusions and our practical suggestions for reducing and over time eliminating New Brunswick's wage gap.

1.3 There is one issue that we must address up front. We have been asked to look at the *wage gap*. Yet the first issue we encountered is the public's confusion between the concept of «wage gap» and that of «pay equity». The distinction is one of relationship. The wage gap is the overall problem we are investigating while pay equity is one part of the solution. Pay equity is advanced as a solution to one of the three known contributors to the wage gap. The relationship between the two concepts is further elaborated in paragraphs 2.17-2.26 and illustrated in **Chart 7**.

«Pay equity» is a solution advanced to address one of the three contributors to the «wage gap».

What is the Wage Gap?

1.4 The wage gap refers to the *gap* or difference between the wages earned by men and those earned by women. That is the wage gap in simple terms. However, the wage gap statistic itself is both hidden and it is complex. It is hidden because it uses information that employers do not normally calculate, being men's average wages and women's average wages. Two more calculations are made from this (see paragraph 1.5) By the time the wage gap is identified, we have been asked to stretch ourselves mentally into new territory, while trying to remember what it all means.

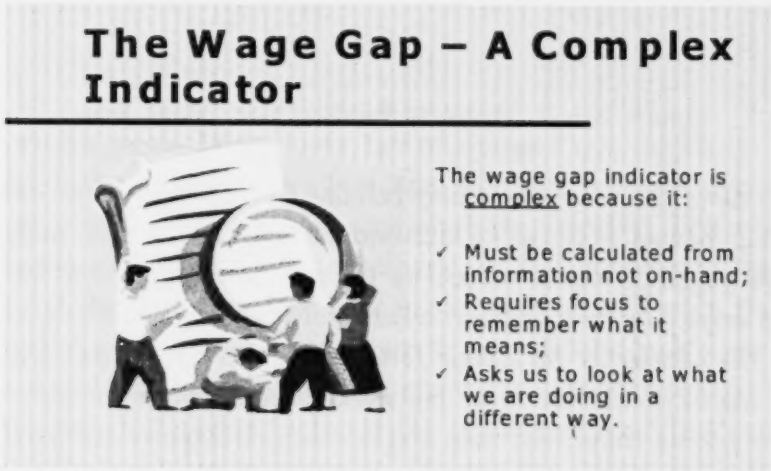

The Wage Gap – A Complex Indicator
The wage gap indicator is complex because it:
✓ Must be calculated from information not on-hand;
✓ Requires focus to remember what it means;
✓ Asks us to look at what we are doing in a different way.

Figure 2 - The Wage Gap is A Complex Indicator

1.5 Formally defined, the wage gap - or, the gender-based wage gap - is a statistical indicator of the gap between what men earn on average and what women earn on average. To find it one divides women's average wages by men's average wages, and then multiplies by 100. This gives women's average wages as a percentage of men's. Finally, the "gap" between their wages is found by subtracting this number from 100%. Today, for example, women earn 80.9% of what men earn, so the wage gap is 19.1% (based on average hourly earnings). This means that the average hourly wages of *all* New

Brunswick women are 19% less than the average hourly wages of *all* New Brunswick men.

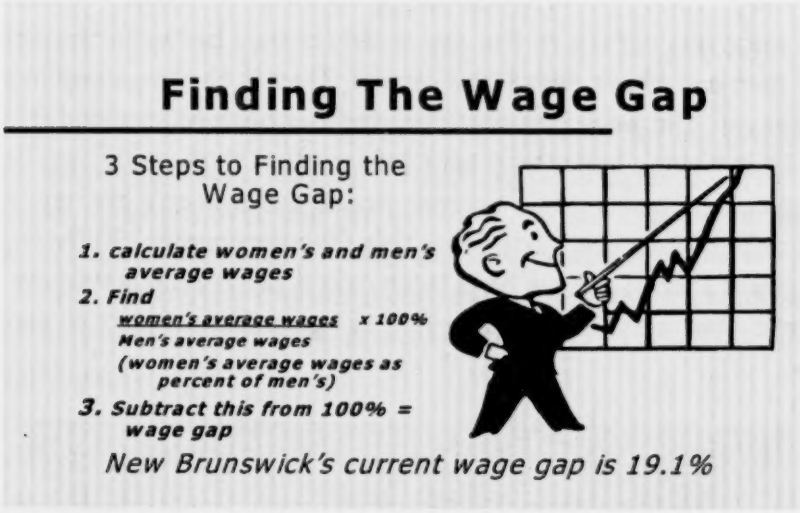

Finding The Wage Gap
3 Steps to Finding the Wage Gap:
1. calculate women's and men's average wages
2. Find
women's average wages x 100%
Men's average wages
(women's average wages as percent of men's)
3. Subtract this from 100% = wage gap
New Brunswick's current wage gap is 19.1%

Figure 3 – 3 Steps to Finding the Wage Gap

1.6 What does the wage gap *really* tell us? Essentially it is an indicator of the economic inequality between men and women. There is no wage gap when the average wages of men are equal to the average wages of women. *When there is no wage gap, men and women are economic equals, and the economy is blind to the gender of its labour force.* Given women's growing presence in the labour market and that their skills and education are competitive with men's, many people think that men and women are already economic equals. So, there should be no wage gap or it should have diminished in recent years. We found neither to be the case, and set out to answer what many quite simply wonder: why is there still a wage gap, and what can be done about it?

> *... the wage gap is an indicator of the economic inequality between men and women.*

(a) Choosing an Appropriate Wage Gap Indicator

1.7 The research confused us at the outset for we read about a number of wage gaps, all very different. Very soon we learned to read the fine print, e.g. "the wage gap, *based on hourly earnings".* For, as we found, the size of the wage gap depends on *how it is measured.* Three (3) common measures are:

- the *weekly* earnings of *all* earners;
- the *hourly* earnings for *all* earners; or
- the *yearly* earnings of *full-time full-year earners*

1.8 The wage gap based on *weekly* earnings of *all* earners is the largest gap among these three. It captures two of women's workforce disadvantages: they tend to earn less than men for the work they do, and they work on average fewer hours each week than men do. The wage gap based on *average hourly earnings* considers pay for one hour of work only, so it controls for the fact that men have more hours of paid work than women. By comparing the wages men and women receive for one hour's work, it is the most neutral (and lowest) wage gap, best for research into wage gap causes. However, it does not factor in the number of hours worked - which are significantly lower for women - and so does not tell us about the gap in people's *real* income.

1.9 This is done better by the wage gap based on the annual income of *full-time full-ear* workers (defined as working 30 hours or more a week for 49 to 52 weeks of the year). It is lower than the weekly earnings wage gap because it sifts out part-time work, and it is higher than the hourly wage indicator, because there is still a bias for time worked. Yet it does give us a sense of the wage inequality among people going to work full-time in New Brunswick. **Chart 1** illustrates these three wage gap indicators for New Brunswick over the past five years. *(Note, the full-time full-year wage gap*

data is not yet available for 2002). Not illustrated is the worst wage gap of all, which is based on the total annual income for *all* working New Brunswickers (full-time and part-time). In the year 2000, *all* New Brunswick men earned on average $28,881, while *all* New Brunswick women earned $18,754. This gives a wage gap of 35.1%.

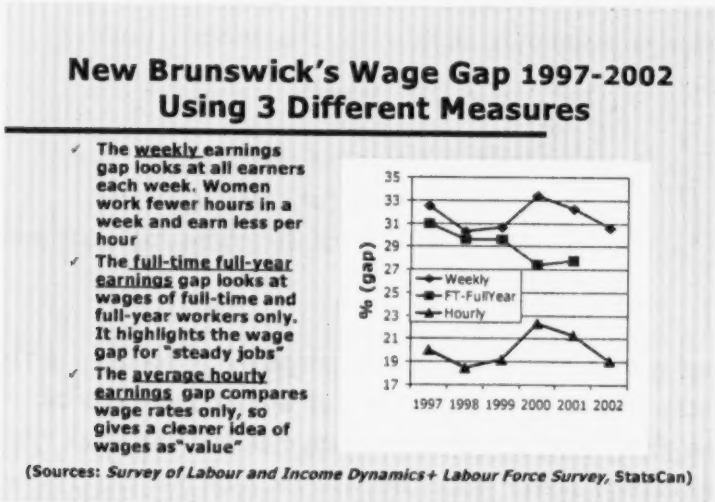

New Brunswick's Wage Gap 1997-2002
Using 3 Different Measures
The weekly earnings gap looks at all earners each week. Women work fewer hours in a week and earn less per hour
The full-time full-year earnings gap looks at wages of full-time and full-year workers only. It highlights the wage gap for "steady jobs"
The average hourly earnings gap compares wage rates only, so gives a clearer idea of wages as "value"
% (gap)
35
33
31
29
27
25
23
21
19
17
Weekly
FT-FullYear
Hourly
1997 1998 1999 2000 2001 2002
(Sources: Survey of Labour and Income Dynamics + Labour Force Survey, StatsCan)

Chart 1 – New Brunswick's Wage Gaps 1997-2002

1.10 Our main concern is with the gap between men's and women's wages for the work they do, and so we will focus our discussions on the wage gap based on *average hourly earnings*. Standing currently at 19.1% in New Brunswick, we have the third *largest* hourly wage gap in Canada. By comparison, at 8.1% Prince Edward Island's is the *smallest* hourly wage gap. This issue is a matter of concern for us certainly, and yet we are not the only province to be so moved. British Columbia undertook to find solutions last year; Ontario implemented pro-active pay equity legislation in 1989; Quebec did likewise in 1996, and the first scheduled pay redresses began in the fall of 2001. Chart 2 shows the wage gap based on average hourly earnings over the past six years for these provinces and for Canada:

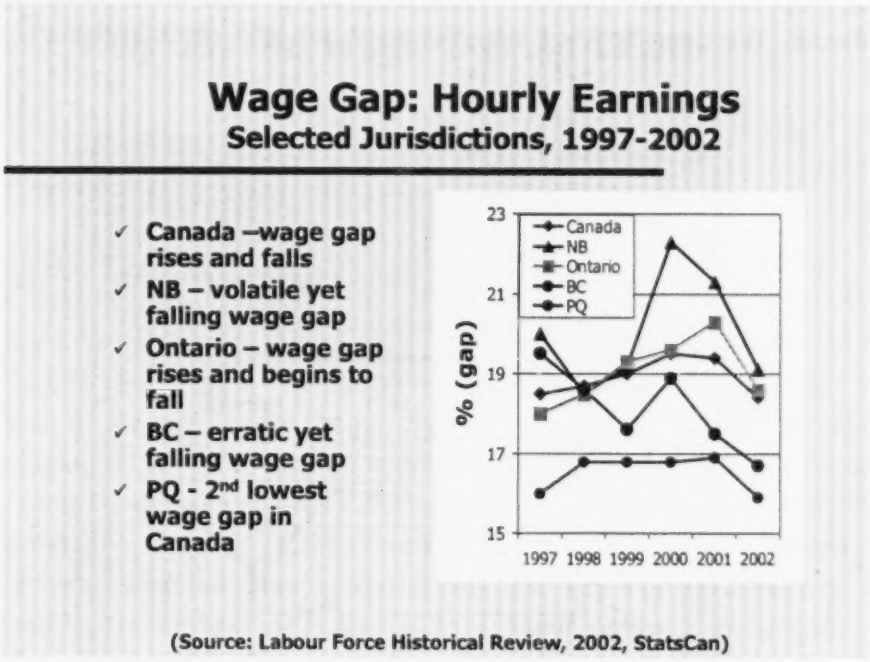


Chart 2 - Wage Gap Hourly Earnings, Selected Jurisdictions

(b) The Wage Gap Indicator – Marking Slow Progress

1.11 Hourly wage gap data has been available for 6 years in Canada. In that time, the wage gap has shrunk by nearly 1% in New Brunswick (from 19.9% to 19.1%) and stabilized in Canada (from 18.5% to 18.4%). Year to year change in this indicator is hardly smooth, though, and **Charts 2 and 3** illustrate its volatility for all provinces with the exception of PEI. That province's hourly wage gap is so much lower than in the other provinces (from 11.2% in 1997 to 8.1% in 2002) that it does not illustrate well on the same graph.

1.12 Data for the *full-time, full-year earnings* wage gap has been available longer. Again, progress has been slow, and uneven. Over the past 20 years, this wage gap has narrowed by 7.1% in New Brunswick (from 34.5% in 1980 to 27.4% in 2000), which is an average reduction of one third of a

percentage point each year. Changes were as slow for Canada and all provinces. We need to know why the wage gap still resists closure.

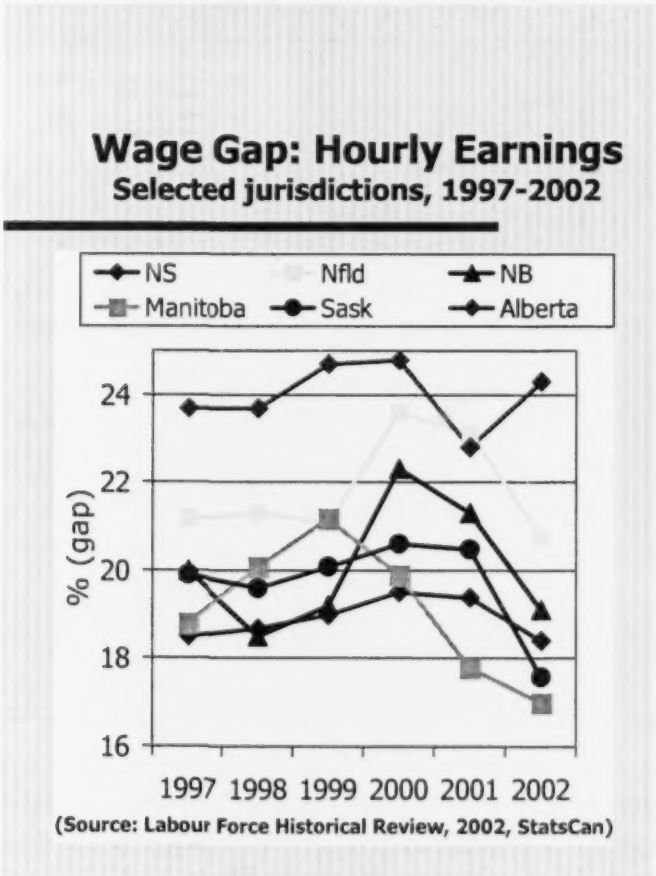


Chart 3 - Wage Gap, Hourly Earnings, Selected Jurisdictions (2)

A number of factors account for the volatility of the wage gap. These are discussed in *Chapter II*. Already we know that the wage gap is sensitive to economic events, and is resistant to long-term change. Given this, we know that we may need to wait a few years for any of our suggested interventions to prove their lasting effect.

Why Is The Wage Gap An Issue?

(a) A Human Rights Issue

1.13 When we began looking at the wage gap, New Brunswickers were concerned that it was so high and that it has shrunk so little recently. As stated, New Brunswickers are not alone in this concern. For example, as we began our work, the Federal *Pay Equity Task Force* was completing the second phase of its own review, begun three years prior. On October 29, 1999, the Canadian government had appointed a three-member task force to conduct a comprehensive review of the current equal pay provisions of the *Canadian Human Rights Act*, (s.11) as well as the *Equal Wages Guidelines, 1986*. This task force has been studying only the "pay equity" aspect of the wage gap and in the context of Human Rights. Their terms of reference state the reasons for their review:

- In 1972 Canada signed the International Labour Organization (ILO) Convention 100, giving effect to the principle of equal pay for work of equal value, and has since signed a number of human rights agreements supporting this principle;
- In 1977 the concept was enshrined in Section 11 of the Canadian Human Rights Act and yet has not been amended nor reviewed since;
- There are more proactive approaches being adopted in some provinces; and
- Many favour an alternative to the current complaint-based approach of the *Canadian Human Rights Act.*[1]

Unlike this Federal Task Force, our mandate does not limit us to examining only legislation. Nonetheless, the province of New Brunswick - as all provinces - is bound by the international accords that Canada signs. We are therefore bound by ILO Convention 100 giving effect to the principle of equal pay for work of equal value.

(b) An Opportunity For Economic Growth

1.14 In fact, the wage gap is a topical issue globally. Reasons range from economic necessity to social justice; from sound human resource management to just plain good business sense. Many nations - from South Africa to Australia, from the European Union to Canada - are examining it. In all cases there is an underlying expectation of economic payoff. While no country has yet eliminated the wage gap, workable solutions are being tested and documented. We list the most compelling of these in the *Appendix III*.

The European Union and Pay Equity

Europe wants to raise women's rate of employment from 53% to 70% by 2010

"this means recognising women's abilities and achievements and giving them equal rewards with men."

Figure 4 - The European Union and Pay Equity

1.15 European countries see reducing the wage gap as a matter of economic survival (see **Figure 4**). Their populations are aging, and shrinking, yet their economies must remain vital and healthy. Recognizing that the traditional labour force is predominantly male, they now see an untapped labour pool by employing - or better employing - their women. They say they can no longer accept economic losses due to domestic policies and practices that hamper women's productivity. Instead, they wish to enhance women's attachment to the labour force and are working to create labour market environments to do so. The European Union (EU) has decided that addressing the wage gap - and particularly its underlying causes - is key to creating this supportive

labour market environment. Fortunately, due to their unique economic union, member states of the European Union have an important mechanism to achieve these goals. This is the *European Employment Strategy*, which allows them to co-ordinate national policies on agreed-upon employment priorities. Reducing the wage gap is one such priority:

> *"The EU 2002 employment guidelines urge the Member States to adopt a multi-faceted strategy to tackle the pay gap. Suggested actions include a review of job classification and pay systems to end gender bias, improving statistical and monitoring systems, awareness-raising and transparency as regards pay gaps."* [ii]

1.16 Within the European Union, the United Kingdom (UK) has taken arguably the most aggressive action against the wage gap. It says it will no longer tolerate the loss of productivity to its economy through the under-valuation of women's work, and the under-utilization of their potential in the labour market. In fact, it rose to action in the late 1990s when the European wage gap data showed the UK to be at the bottom of the rankings. Determined to end this "shocking distinction", the UK launched a multi-faceted program - or campaign - to reduce its wage gap in October, 1999. The *Valuing Women* campaign was created as,

> *"a three-year campaign designed to reduce the gender pay gap by eliminating those elements of the pay gap that are due to sex discrimination in pay systems."* [iii]

We were attracted to *Valuing Women's* practical approach, which simply states that since the wage gap had not appeared overnight it would not disappear overnight. So, the campaign sought to reduce the wage gap gradually and by a number of interventions. Posted on the Internet (see *Appendix III*), we have been able to monitor this campaign and consider its possibilities in developing our own solutions in *Chapter IV*.

1.17 Addressing the wage gap is an important economic strategy in Europe. Are their wage gaps worse than ours, that they would see greater economic payoff from this strategy than we would? Using data from 1995. the most recent year for which comparable information was available, we prepared

Chart 4. It can only make very general comparison among European and Canadian wage gaps, since the definition of "wages" may differ significantly between Europe and Canada.

Wage Gaps in Europe, Canada and NB

Annual Earnings, All Employees (1995)

East Germany	12.9% ... *lowest wage gap in Europe*
Finland	18.7%
France	26.8%
UK	33.6% ... *highest wage gap in Europe*
Canada	***35.0%***
New Brunswick	***43.1%***

Chart 4 – Annual Earnings Wage Gaps in Europe, Canada and NB, 1995

1.18 At the very least **Chart 4** shows that European wage gaps are *no worse* than ours. Yet they expect economic payoffs from reducing the wage gap while Canada has not yet made this connection. Could Canada similarly expect economic gain if it were to reduce its own wage gap? Could New Brunswick? One important clue to the European situation is that their populations are aging and shrinking, and doing so faster than Canada's. Their consequent labour shortages are looming at least a decade before Canada's. What about New Brunswick's population?

1.19 We found that New Brunswick's population is also aging faster than Canada's. The leading edge of our *post-war baby boom generation* - born between 1946-1966 and aged 37-57 years today - is approaching early retirement age. It also comprises nearly two-fifths of NB's population. Secondly, our population is aging because - unlike the rest of Canada - New Brunswick did not benefit from an "echo boom" composed of the children of *baby boomers*. We consequently have proportionally fewer young people to

replace our baby boomers as they begin to exit the labour force. Therefore, as will the European Union, NB will need to maximize the economic productivity of its men and its women in order to cultivate a competitive economy. Labour market analysts look to the year 2013 as the beginning of an important decline in size of New Brunswick's labour force: this is the year the first *baby boomers* turn 65 years of age. How well can NB weather these labour force changes to begin only eight years from now?

New Brunswick will need to maximize the economic productivity of its men and its women in order to cultivate a competitive economy.

1.20 On that same note, how productive is our labour force today? One way to look at this is to see how many of us are actually being economically productive. This is shown by our labour force (LF) participation rates. New Brunswick's rates are traditionally below Canadian averages. Yet in 2001 we posted our highest-ever labour force participation, at 62.2%. *This had risen nearly four percentage points in one decade: from 58.6% in 1991.* By contrast, Canada's rates did not change at all over the same decade (66.5% to 66%). In addition, between 1991-2001 the LF participation of New Brunswick women grew three times faster than that of New Brunswick men (from 50.9% to 56.5% for women vs. from 66.6% to 68.2% for men). While current rates for both men and women in New Brunswick are still below Canadian averages (see **Chart 11**), these labour force *growth trends* tell us that despite their age, New Brunswickers are *continuing to* join the labour force. This is good news, for unlike the rest of Canada, labour force participation rates in New Brunswick can be expected to grow. If New Brunswick were to emulate the European solution of reducing the

... these labour force growth trends tell us that despite their age, New Brunswickers are continuing to join the labour force.

wage gap in order to encourage more women into the labour force and thereby increase economic productivity (*"giving them rewards equal to men's"*, see **Figure 4**), then productivity gains could also be expected for the New Brunswick economy. This would support the government's additional efforts to reach the ambitious targets for labour force participation, employment rates and economic productivity it has set for New Brunswick in the *Prosperity Plan.*

(c) Quality of Life

1.21 With startling clarity, some recent health studies expose a link between wealth, health and quality of life. In fact, Health Canada recently proclaimed that poverty is the most reliable predictor of poor health, premature death and disability. Simply stated, poor people get sick more, die younger and require more hospital and rehabilitative services. A recent study by the British Medical Society[iv] made a sharper connection between wealth and health when it concluded that, *"the more equally distributed the wealth, the healthier the society."* Given rising health costs, governments should be thinking about making this connection work for them says Dr. Ron Colman of *Genuine Progress Index (GPI) Atlantic.* He recommends that they should undertake three public policy interventions that will improve women's health, reduce women's poverty and result in big health care savings. Second among these recommendations is the "*elimination of the gender-based wage gap*".[v]

1.22 What would drive any society to reduce – and, over time eliminate - its wage gap? In our research, we discovered three essential reasons, which are to assure: (a) women enjoy the equal human rights they are guaranteed, (b) greater overall economic productivity for a nation or province; and (c) improved quality of life for all citizens. In all cases economic benefit is expected. All of these reasons are compelling for New Brunswick.

What The Wage Gap Indicator Tells Us

(a) Human Rights, Human Development

1.23 The wage gap is one of many indicators of human development for a country, and shows the quality of life experienced by the men or the women in a country. Each year the United Nations (UN) combines wage data with other indicators to monitor human development in all of its member countries, and then ranks countries by their consequent Human Development Indices (HDI). The HDI rates each country for the *longevity, knowledge* and *standard of living* experienced by its citizens.[vi] (Earnings of men and of women are key elements of the *standard of living* component of this index.) According to the HDI data, every country in the world (for which the UN has data) has a gender-based wage gap. So, the HDI Report 2002 found gender-based earnings data for 146 of 173 countries. In *all* cases the wage gap favours men so that globally and in each country, men's average earnings are higher than women's. *These indicators show that economic gender equality does not yet exist anywhere in the world.*

1.24 The UN also publishes an annual *Gender-related Development Index* (GDI), which assesses countries for these same HDI factors, yet individually for men and for women, and from this develops a country's score. Countries are then ranked according to their GDI scores. Generally, countries tend to rank in the same position for both indices, unless women are particularly unequal to men in their country as compared to others. In 2001, Canada ranked 3rd on the *Human Development Index* yet 5th on the *Gender-based Development Index*. We take this to mean that Canadian women experience more inequality in human development indicators, than they should given the country's overall (and high) HDI ranking.

1.25 Recently, the United Nations pointed its finger at Canada's wage gap, calling it an indicator of the poverty amongst Canadian women. This criticism came in their most recent release of the report of the *Committee on the Elimination of Discrimination against Women.* This criticism is important because the *UN Convention on the Elimination of All Forms of Discrimination Against Women* which was signed in 1979, "*has come to be known as the international bill of rights for women, and is the second most widely ratified human rights treaty in the world.*"[vii]. Particularly concerned about the poverty rate for women in Canada, the Committee's 2003 report offered recommendations to the Canadian government. That day, the front page story of the *Toronto Star* exclaimed:

The United Nations sees the lack of pay equity and insufficient access to either child care or parental leave as forms of discrimination against Canadian women and suggest that such discrimination is part of our national experience.

> "*Canada isn't doing enough to ensure women's equality on many fronts, including parental leave, childcare and pay equity, argues a highly critical United Nations report on how this country is living up to its international commitments.*"[viii]

Lack of pay equity and insufficient access to either child care or parental leave are two of the three core factors we found contributing to the wage gap (see *Chapter II*). The United Nations sees these as forms of discrimination against Canadian women and suggest that such discrimination is part of our national experience.

1.26 Dr. Ron Colman of GPI Atlantic told us that people are deeply affected by the statistics they hear in the media, so if we do not include important social well-being indicators as part of public information, then society will not be able to respond to important information about itself. And therefore be less motivated to take steps to improve. One of his

genuine progress indicators is "equity" which includes wage gap data. "*In order for society to do something about the wage gap,*" says Colman, "*it must know about it and why it is not a good thing.*"[ix] We took this as a hint to find ways to better present wage gap information through our media, so that our citizens will understand the problem it represents and want to find solutions.

(b) Employment Equity and Productivity

1.27 In Canada the wage gap indicator is often linked with employment equity programs for women. These programs try to redress the poor labour market outcomes of specific minority groups. Women are 51% of Canada's population, so they are hardly a minority group! However, the wage gap is one of many indicators showing women's disadvantage in the labour force. So, given the current wage gap, women are in fact included in employment equity programs.

1.28 Since the wage gap shows that average wages for men and women are not equal, and assuming that men and women have equal economic potential, the wage gap can also be taken as a proxy for the *productivity gap per hour.* This is the economic approach that analysts in the United Kingdom are taking. So, they argue, when women are under-employed (e.g. part-time, or part year) or not trained to their potential (or both), there are productivity losses to the entire economy. This research links women's lower productivity to two main causes: skills deficits and labour market failures. The latter include occupational segregation, job discrimination, employment interruptions due to family responsibilities and part-time employment. They point out that these are the same factors that contribute to the wage gap.[x] In the

> *... the wage gap can also be seen as an indicator of the gender-based productivity gap, for we do assume that men and women in New Brunswick have equal economic potential.*

productivity analysis, a zero wage gap means *equal economic productivity* between men and women. New Brunswick's *Prosperity Plan* has set higher productivity goals for New Brunswick's labour force. We suggest that the wage gap can also be seen as an indicator of the gender-based productivity gap, for we do assume that men and women in New Brunswick have equal economic potential. At 19.1% today, NB's wage gap shows much room for the improvement of women's economic productivity in NB. The wage gap is thus a good tool for monitoring gender-based productivity gains.

(c) Of Quality of Life

1.29 In demonstrating a strong link between poverty and poor health, Dr. Colman provided us with another economic reason for addressing the wage gap. He suggests that savings in health-care costs will result from reducing the wage gap.[xi] For his part, his agency continues to monitor the wage gap as an indicator of socio-economic well-being.

Conclusion: Reasons for NB To Address Its Wage Gap

1.30 The wage gap issue is more complex than we had thought. First, the statistic itself must be sought after. Second, while the wage gap is wide in New Brunswick, it also reflects a global truth today. That is, in every country in the world today, working women face additional obstacles that working men do not. These result in global challenges to women's economic productivity, to the enjoyment of their human rights and to their quality of life. The wage gap - which can also be seen as a productivity gap - indicates the extent of such challenges, which result in economic inequality between men and women. Third, the wage gap has shown much less improvement in recent decades than is expected in "this day and age". Finally we know that when men and women are economic equals, there will be no wage gap. This is our long-term *Vision* for New Brunswick.

In every country today, working women face additional obstacles that working men do not. These result in global challenges to women's economic productivity, to the enjoyment of their human rights and to their quality of life. The wage gap –which can also be seen as a productivity gap - indicates the extent of such challenges, which result in economic inequality between men and women.

CHAPTER II
THE EVIDENCE

Factors Behind The Wage Gap

2.1 Assumptions that women are paid less than men because they are less skilled, less educated and therefore less valuable to the employer are not supported by the evidence. The issue is instead more complex, and at times baffling, as is clear in the following quote. When asked to comment on the recently-released study that reported a *growing* US wage gap between 1995 and 2000, Heidi Hartmann, director of the *Institute for Women's Policy Research* in Washington, D.C. exclaimed,

> *"Women have been getting more education and staying in the labour market longer. Women are doing everything right, and still this is happening. Progress has stopped."*[xii]

2.2 Has progress really stopped, or are there other explanations? A recently-published evaluation of gender-equality programs in Canada and other industrialized nations over the last thirty years would lead us to conclude instead that the wage gap is an elusive and moving target. It states,

> *"Previously, differences in productivity-related characteristics, such as education, training, work experience and differential labour force attachment explained a substantial portion of the gender gap in earnings. However, as the quality and level of women's education and training have improved, and the gender gap in other productivity-related factors has narrowed, the portion of the earnings gap attributable to these factors has declined. Today, segregation by occupation and industry is one of the most significant factors in accounting for the gender gap in earnings."*[xiii]

2.3 This study tells us that as one set of contributors was identified and addressed through specific intervention (e.g. training women), other contributors moved in to take their place, and the gap stayed relatively unchanged. Considering this in the light of the fact that the wage gap changes so little with time, we came to a stunning conclusion: the wage gap is a moving target. Why?

The wage gap is a moving target.

2.4 In seeking to answer that, we first realized that this article had just taught us another lesson in the reading of fine print. We had believed that we were reading studies on the causes of the wage gap. In fact, we were reading about contributors to the wage gap. Contributors are found from statistical analyses showing what factors are found along with the wage gap. Contributors do not therefore cause the wage gap. This can be confusing, but it means that something else is behind *both* the contributors and the observed wage gap. These are the causes. This distinction helped us understand paragraph 2.2, that while a *contributor* to the wage gap (e.g. women's education levels) may be removed, the underlying cause may still be relatively untouched, and so the wage gap changes little. The research helped us only so far: it identified some contributors, but only theorized about causes. So we decided to look for all known contributors to the wage gap, before reflecting on its actual causes.

2.5 Two studies represent the latest findings on *contributors* to the wage gap. The first, the UK's *Valuing Women* campaign provides a listing of key factors behind their gender-based wage gap:

- Human capital - these are differences in educational levels and work experience of men and women. Women tend to take breaks from paid work more often to care for children and other dependants;
- Part-time work - more women tend to work part-time, and the nature of part-time work is such that it is often low-skilled, low-paying and carries minimal benefits;
- Travel patterns - women commute less than men, leaving them with a lower range of job choice closer to home, thereby flooding local labour markets (near where they live) which in turn depresses wage rates;
- Occupational segregation - women tend to work in a very narrow range of occupations, which tend to be female-dominated, which also tend to be the lowest-paid occupations. In addition, women are still under-represented in the higher paid jobs within occupations - the "glass ceiling" effect;
- Workplace (or industry) segregation - high concentrations of female employees in an industry or workplace are associated with relatively low rates of pay. [xiv]

2.6 The second set of research identifies similar contributors and goes further to assign them a percentage share of contribution. In her attempts to map Canada's "persistent" wage gap, Statistics Canada economist Marie Drolet analyzed data from *SLID*, the *Survey of Labour and Income Dynamics*[xv]. She identified contributors to all but 50% of Canada's wage gap. *SLID* provides information from the worker alone, but she asked, what about the workplace? Last year a new data source that provides worker and workplace data became operational. It is the *Workplace and Employee Survey*, and using this source she identified a few more *contributors* to the wage gap.[xvi] These are *latest pay trends*, and *foreign ownership of companies*. With these additional variables, Drolet claims to have found *contributors* for 62% of Canada's wage gap. These are illustrated in Figure 5. Drolet observed that workplace factors are twice as likely to contribute to the wage gap than any employee characteristics. She also pointed out that contributors are unknown for a very significant part of the wage gap - 38%.

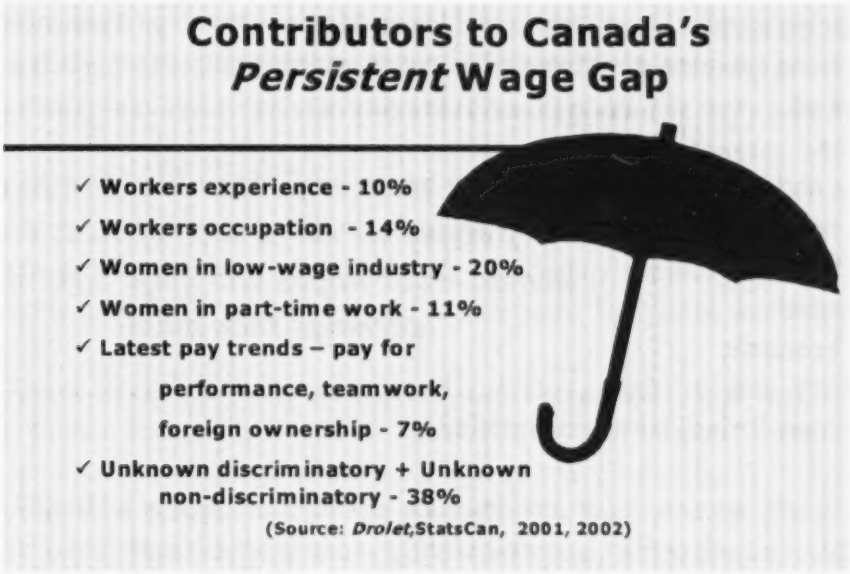

Contributors to Canada's
Persistent Wage Gap
✓ Workers experience - 10%
✓ Workers occupation - 14%
✓ Women in low-wage industry - 20%
✓ Women in part-time work - 11%
✓ Latest pay trends – pay for performance, teamwork, foreign ownership - 7%
✓ Unknown discriminatory + Unknown non-discriminatory - 38%
(Source: Drolet,StatsCan, 2001, 2002)

Figure 5 – Contributors to Canada's Persistent Wage Gap

2.7 These two studies gave us the most conclusive listing of known contributors to the gender-based wage gap. In the following, we present these known contributors into three categories, in a way that will help us to start developing solutions. As we understand it, the known contributors to the wage gap can be equally divided among (a) the family responsibilities faced by women; (b) women's job segregation; and (c) wage discrimination towards women's work.

(a) Family Responsibilities

2.8 In Canada and New Brunswick, women have lower labour force participation rates, work part-time more and move in and out of the labour force more often than men. Researchers say the dynamic of "family responsibility" explains much of this.[xvii] Since women are more often likely to place family above career, they often take work that is close to home, that is flexible in hours, that does not require strong commitment beyond scheduled hours of work, nor relocation, or work that could be dropped easily if total commitment to the family was chosen or required. Such

choices bring women lower wages and lower lifetime earnings than men. As these actions are also symptoms of women's under-employment, they point to the types of strategies, programs and services needed to reduce the wage gap, increase women's economic productivity, and increase New Brunswick's productivity.

... women are more often likely to place family above career ... such choices bring women lower wages and lower lifetime earnings than men.

2.9 Working women in our society face decades of career *vs* family tradeoffs. The important career-building years (early 20s to mid-30s) are equally important family-building years. Given Canada has only a patchwork of services to assist Canadians with family responsibilities, and given many women's choice of family first, it is not surprising that women's careers suffer from the many "either/or" choices women make. Research told us that far too many women cannot commit to the overtime hours, the travel, and (or) the job re-locations often required to build their careers, meet their potential and attain the higher income brackets that men with similar potential would (nor be eligible for the "new pay trends" identified by Drolet). This most certainly compromises their economic *productivity*. The Europeans now recognize these challenges that working women must face in reaching their full potential, and that the issue must be addressed appropriately. Working women in Canada face the same challenges, and how we collectively decide to address them will bring important economic consequences.

... single working mothers face additional obstacles to meeting their full economic potential.

2.10 Competing career and family priorities have a certain poignancy for lone-parent mothers. There are over 28,000 single mothers, heading 13% - or one in every seven - family units

in New Brunswick. [xviii] These women must find their own immediate solutions to the wage gap issue, since in seeking better pay at work they are in fact putting their families first. On the other hand, given the very need to raise a family on their own, single working mothers face daily stresses beyond those faced by other working mothers. These translate into additional obstacles to meeting their full economic potential. Any supports introduced to assist working mothers with their work vs family challenges would yield particularly greater productivity *and* health gains for these working women.

2.11 There is another cost associated with the competing priorities that working women face daily. In 2002 Marie Drolet quantified it by tracing the effect on lifetime earnings of women's *age* at starting a family.[xix] She found that women who build careers first, then start a family in their mid-to late 30s have significantly higher annual and lifetime earnings than women who start families a decade earlier. We saw that even if individual New Brunswickers find that late childbearing makes better economic sense for them, for our province this makes very poor demographic - and thereby long-term economic - sense. Delaying childbearing means delaying new generations of children, and, frankly, new generations of human capital. For immigration to New Brunswick has not yet been sufficient to begin to make a significant change to our population base. Given NewBrunswick's ambitious economic goals set out in the *Prosperity Plan* which are made at a time of an aging and dwindling population base, the matter is quite serious. New Brunswickers must continue to raise and nurture families and women's economic productivity must be encouraged to increase. How can we have the best of both worlds? New Brunswick will need to develop infrastructures to ensure that we can. In New Brunswick, family responsibilities must no longer compete with women's careers. This is a matter of future economic prosperity, for us all.

In New Brunswick, family responsibilities must no longer compete with women's careers. This is a matter of future economic prosperity for us all.

2.12 Societal attitudes about women's family-career conflicts may be surprisingly resistant to change. The following (appalling) quote poignantly illustrates the challenge before us. It comes from a recent edition of a fairly widely-read business publication, *Trend Letter*:

> " "Businesswomen" are rated as similar in competence to "businessmen" and "millionaires," reveals a study titled *The New Glass Ceiling: When Mothers - and Fathers - Sue for Discrimination,* until they have children. Then they are rated as similar to the "elderly," "blind," "retarded" and "disabled." " [xx]

2.13 While attitudes may be slow to change, progressive policies and legislation are being implemented. Family-friendly policies and practices are being introduced into our workplaces, and we heard testimony from employers that these are good for business. Labour laws are also changing, so that for example in Canada today, men are able to take parental leave upon the birth or adoption of a child. Also *Employment Insurance* legislation is currently being changed to allow up to 6 weeks of benefits for Canadians to take time to care for terminally-ill relatives. Our provincial *Employment Standards Act* was recently amended to introduce a range of family-friendly provisions to protect New Brunswickers' jobs when specific family needs are pressing. Progress is being made through such policies, and by expanding upon them in individual workplaces, we know that economic benefits can accrue to individual New Brunswickers and employers, as well as to the province.

(b) Job Clustering

2.14 All wage gap studies we read identify the "job clustering" of women as a wage gap contributor. Is there job clustering in NB? It seems so (see **Figure 6**). Over half (49%) employed women work in the ten most common female occupations, (*vs* 28% male). Also, 60 % of NB's female labour force (vs. 51% male LF) is attached to only five industries. In addition, an area that is traditionally a male domain, that of apprenticeable trades, is under-

represented by women. Today, only 3% of registered apprentices in New Brunswick are women.[xxi]

Top 10 NB Female Occupations, 1996
Experienced Employment x Avg Income x Occupation

- ✓ **Avg employment income for females is $17,563 (59% of M)**
- ✓ **Top ten occupations account for half (49%) of female employment**
- ✓ **Top 10 are: Secretaries, childcare, finance clerks, nurses, retail sales, teachers, clerical, cashiers, cleaners, food counter.**

(Source: Statistics Canada, 1996 Census, Special Run)

Figure 6 - 10 Most Common Female Occupations, NB, 1996

2.15 Is there a link between gender-based job clustering and women's wages in New Brunswick? We took a look at the ten most common jobs for each gender and then we compared their average earnings. What we found was a clear link between job clustering and wages. In 1996, the average annual income for experienced working women in New Brunswick - those with one or more years of working experience - was $17,563. In Chart 5 we compare this with the average annual incomes for each of the 10 most common occupations for working women in New Brunswick that year. Eight of these occupations earned *less* than the average.

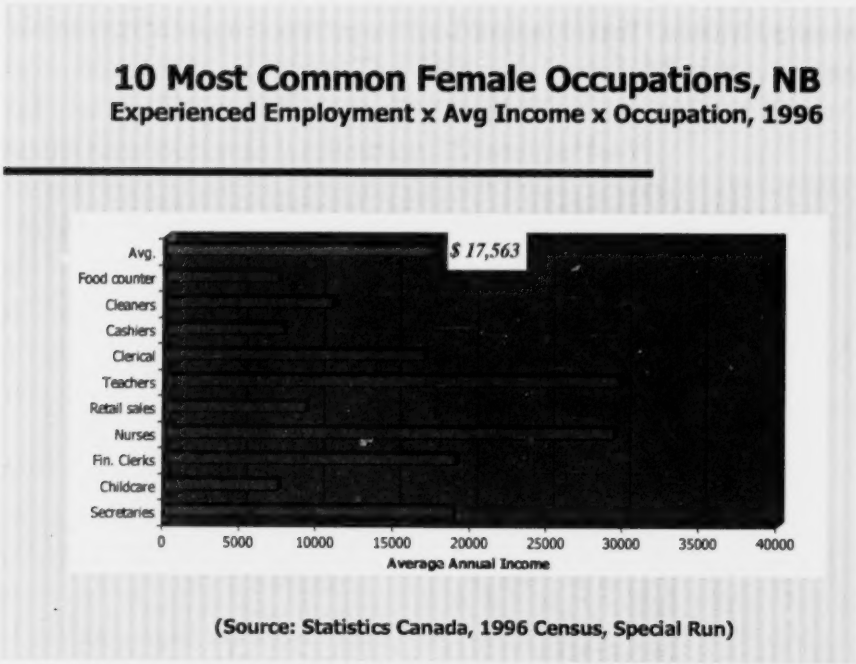


Chart 5 - Income of 10 Most Common Female Occupations, NB, 1996

2.16 By contrast, in 1996 the average annual income for experienced working men was $29,633. (This gives a wage gap of 30.7%). Yet, eight of men's top ten occupations likewise earned less than the average male income (see **Chart 6**). But more significantly is that men in *eight* of these ten occupations earned *more* than the women's average annual wage that year. Compare this with the fact that in the same year only female teachers earned *more* (by $69) than the men's overall average of $29,633.

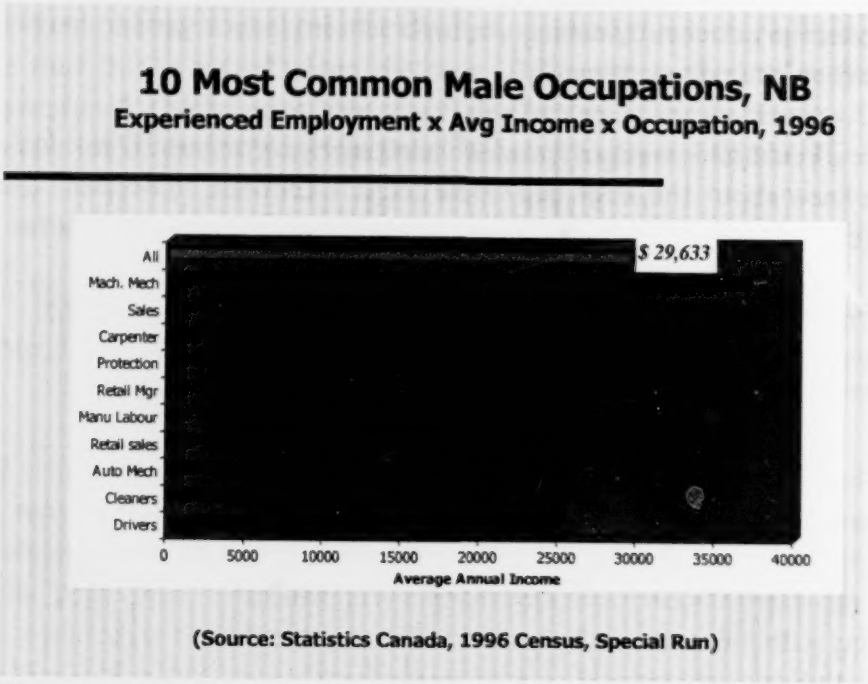


Chart 6 - Income of 10 Most Common Male Occupations, NB, 1996

(c) Under-valuation of Traditional Women's Work

2.17 So far the evidence has been pretty conclusive on two of the three contributors to the wage gap. That women's wages would suffer from women's continual juggling of work with family priorities makes sense to us. It is not particularly fair, but given our current state of family-support services, it is understandable. We could not see as clearly why "job clustering" is related to lower wages. Why would jobs/workplaces where there are more women pay much less than jobs/workplaces that are dominated by men? Research behind the third known contributor gave a clue. This contributor is the under-valuation of traditional women's work, and it is what many researchers call "discrimination".

2.21 A recent UK study[xxii] attributes 29% of the wage gap to this factor, which they call, "*discrimination and other factors associated with being female*". This contributor refers to paying low wages to women, regardless of whether men perform the same duties or not. Pay equity laws aim to

redress such practices, by asking employers to introduce gender-neutral job classification and pay systems.

2.23 How could under-valuation of women's work contribute one third of what we know about the wage gap? How could it continue to happen? Québec academic Marie-Thérèse Chicha asked the same questions and [xxiii] notes that:

> *"the average salary for any occupation appears to be inversely proportional to the percentage of women working in that occupation."* [xxiv]

2.24 Chicha presents the economic *segmentation theory* of the early 1970s to account for why (and how) this happens. According to *segmentation* theory, the job market itself is not a single market but is instead made up of several sub-markets each one operating on its own set of rules, and not competing with the other sub-markets. These job markets are of two sectors: the primary and the secondary sectors.

> *" The primary sector is made up of well-paying jobs that come through promotions. The good working conditions in this market encourage employee stability and these jobs are traditionally and predominantly held by men: senior managers, professionals, highly skilled blue-collar workers etc ... the secondary market is characterized by low-paying jobs and unfavourable working conditions. Since job stability is not promoted here by employers, employees in this market receive the minimum amount of training required to carry out their tasks and the turnover rate is high. Women are prominent in the secondary market jobs: office jobs, retail sales, under skilled blue collar workers etc."* [xxv]

2.25 This situation still exists because, says Chicha, employers hire on the basis of societal attitudes, which see males as the primary market employees while seeing women and immigrants as the secondary market employees. Pay and incentives are offered to each set of employees accordingly. This analysis would predict that employees in both sectors would be distinctly closed off from each other, and that career moves from one sector to

another would be quite exceptional. Chicha presents convincing evidence to suggest that this is in fact often the case. Referring to this as "prejudice and stereotype", Chicha adds this to a fuller listing of known reasons for the lower valuation of women's' occupations. These are given in Figure 7.

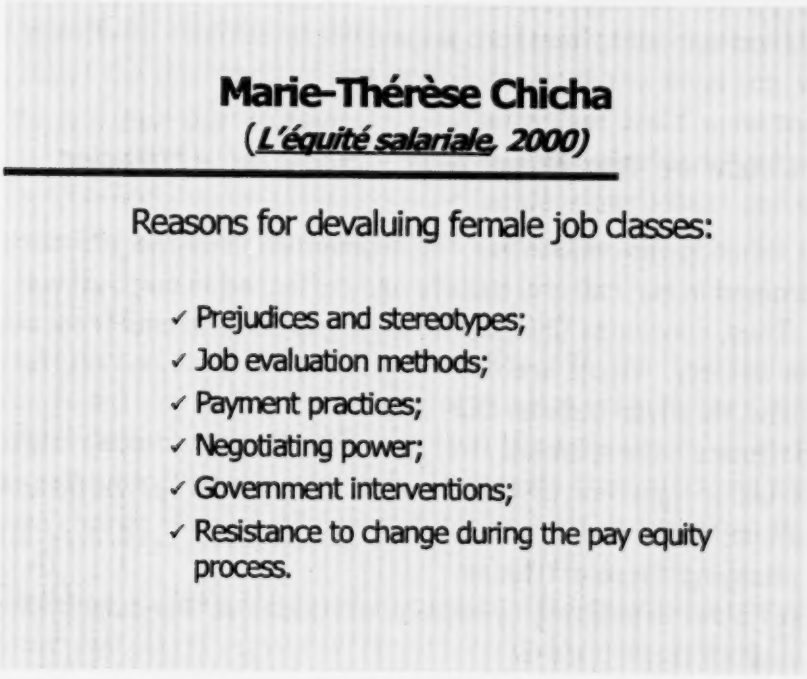

Marie-Thérèse Chicha
(L'équité salariale, 2000)
Reasons for devaluing female job classes:
✓ Prejudices and stereotypes;
✓ Job evaluation methods;
✓ Payment practices;
✓ Negotiating power;
✓ Government interventions;
✓ Resistance to change during the pay equity process.

Figure 7 - Reasons for Devaluing Female Job Classes

2.26 This same contention is made in a recently released study from Human Resource Development Canada[xxvi]. The study is particularly significant as it assesses the outcomes of labour market policies and programs adopted by a number industrialized nations to assist women in the labour force. Regarding the wage gap it notes that:

> *"Wage polarization has accompanied the growing demand for highly skilled workers and declining demand for unskilled labour. Increasingly, the workforce is segmented into a primary labour market offering good wages, job security and opportunities for*

advancement, and a secondary labour market of low-paid, contingent workers. Women, and especially visible minority women, remain over-represented in the latter."[xxvii]

The authors suggest that since women are over-represented in the low pay scales, "*any policy that serves to narrow the overall earnings distribution will narrow the gender earnings gap*". Clearly this speaks to the need for more job diversification – and therefore wage diversification – of women.

(d) The Cause of the Wage Gap – Societal Attitudes

2.27 The thinking that allows for the segmentation of the job market is deeply ingrained in our cultural beliefs and reflected in our business practices. Thus, concludes Chicha, the wage gap issue stems from our entire system, our society. There are no easy solutions, no silver bullets. Our societal attitudes have spawned the problem of under-valuation of the work women do, and it can only be solved by changing these attitudes. Chicha is not alone in pointing to societal attitudes as the culprit behind the wage gap, and its contributors.

There are no easy solutions, no silver bullets.

2.28 Take for example the paper, *Working Through the Wage Gap*, last year's Report of the BC Task Force on Pay Equity (2002)[xxviii]. Author Nitya Iyer concludes the issue is a systemic one which calls for a new approach to be resolved. A made-in-BC approach. She suggests two measures that would stimulate *systemic* change, these are:

- increasing public awareness on the issue, and
- asking the BC government to work in partnership with the private sector, to craft concrete initiatives that, *"respond to the contours of sex-based wage disparities in particular industries."*

2.29 Iyer decided that the wage gap would be reduced by shifting public attitudes *while* working with stakeholders to develop practical solutions for the BC economy. In our own *Vision*, we likewise stipulate the imperative of working with NB stakeholders to develop workable solutions for our economy. And our *Vision* is to create an environment that will sustain a zero-wage gap. Since societal attitudes are the real cause of the wage gap, we agree with Iyer and Chicha that these must be changed if we are to achieve our *Vision*, and attain economic equality between men and women in our province.[xxix]

Since societal attitudes are the real cause of the wage gap ... these must be changed if we are to achieve our Vision.

2.30 The Report of the UK Equal Pay Task Force[xxx], (part of the *Valuing Women* Campaign) also points to societal attitudes and practices as the culprit behind the wage gap. It too says that the only way to close the gap is to develop solutions that are systemic. It asserts that solutions must reach out to cause change through all parts of society, which translate as,

> *"action on a wide set of policy agendas. This means mainstreaming gender pay equity across different levels of policy-making."*[xxxi]

Through the graces of the Internet, we have been able to monitor the important progress being made by the *Valuing Women* campaign, supported by a strong commitment of their government (see Appendix III). This campaign is in the process of implementing its proposed solutions, whose outcomes we suggest NB continue to monitor.

2.31 As a result of our research, we now know what is behind the wage gap. The wage gap has one key cause: our culture. Our culture has created a set of workplace hurdles for women which set them at an immediate disadvantage with working men. Economic inequality is the result. We say this because we learned that it is our culture's beliefs and attitudes about

women's place in society and about their value in the workplace that translate into a set of dynamics leading to what we measure as the wage gap. As a consequence, women face three additional hurdles in their working lives that men simply do not. These hurdles are the three contributors we found in the research: (a) family responsibilities, (b) job clustering of women, and (c) the under-valuation of traditional women's work. We have summarized our analysis of the wage gap problem in ***Chart 7***.

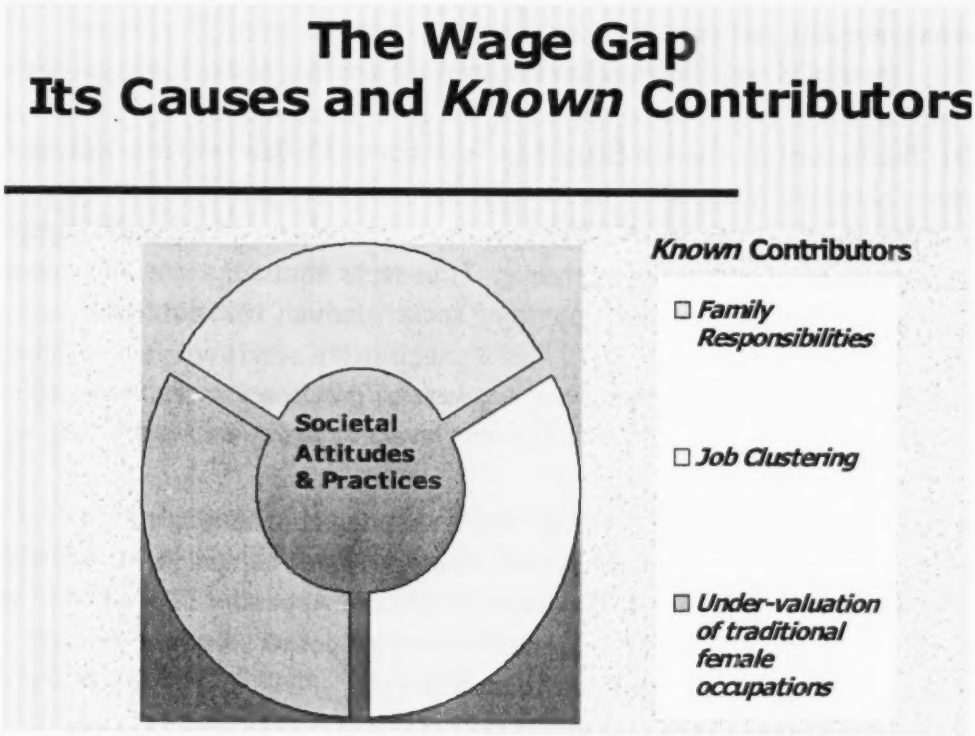


Chart 7 - The Wage Gap, Its Causes and Known Contributors

Conclusion: Towards a Solution Strategy

2.32 Our culture has caused the wage gap. As we have come to understand it, the dynamic operates something like this: our societal attitudes lead us into certain actions that in turn create (and sustain) economic inequality between men and women. This inequality is measured as the wage gap. Additionally, these societal attitudes and their consequent actions have likewise created the barriers to women's economic progress that we have identified as the "contributors" to the wage gap. The underlying causes and the additional barriers must all be addressed. These are the twin challenges the *Roundtable* seeks to address.

... our societal attitudes lead us into certain actions that in turn create (and sustain) economic inequality between men and women..

2.33 First, our solutions will target the root cause, and seek to set in motion a different chain of causes and consequences. And so we suggest that New Brunswickers be steered towards a more informed set of attitudes. We likewise suggest that they be made aware of a range of more appropriate actions. These actions will then create the desired goal of economic equality between men and women. And this economic equality will be evidenced through the absence of a wage gap. There is some basis for this strategy, for it is human nature to want to do the right thing. When New Brunswickers see that their out-dated attitudes and actions prevent economic equality between men and women, they will want to change them. And, when they see that women's economic equality is good for our collective future, they will ask what they can do to change and we must show them. Our solutions will therefore (1) make New Brunswickers so informed on wage gap issues that they understand what needs to change; and (2) give them the tools to enable them to change.

Our solutions will:

(1) make New Brunswickers so informed on wage gap issues that they understand what needs to change; and

(2) give them the tools to enable them to change.

2.34 **Chart7** illustrates the dynamic that our solutions strategy will address. "Societal attitudes and practices" underly the wage gap and its contributors. The first part of our strategy will address these underlying causes. The second part of the strategy will offer practical ways to remove the surface obstacles known as the three contributors. Our solutions will inform and lay open practical options. Our solutions will be made in New Brunswick, and will strive towards our *Vision* of eliminating the wage gap by adopting innovative, practical and effective initiatives that are acceptable to all stakeholders. In order to develop such made-in-New Brunswick solutions, we must consider New Brunswick: its people, its workplaces, its legislation and its best practices. We must consider our context.

CHAPTER III
THE NEW BRUNSWICK CONTEXT

Our People

(a) Demographics

3.1 New Brunswick has a population of 757,077 (Census, 2001), making it the third smallest province in a country of 31 million citizens. Over the year 2000 to 2001 Canada's population had grown by 1%, while New Brunswick's only grew by one fifth of that (0.2%). This results in different population growth scenarios into 2011 for Canada and NB. These are given in **Charts 7 and 8.**

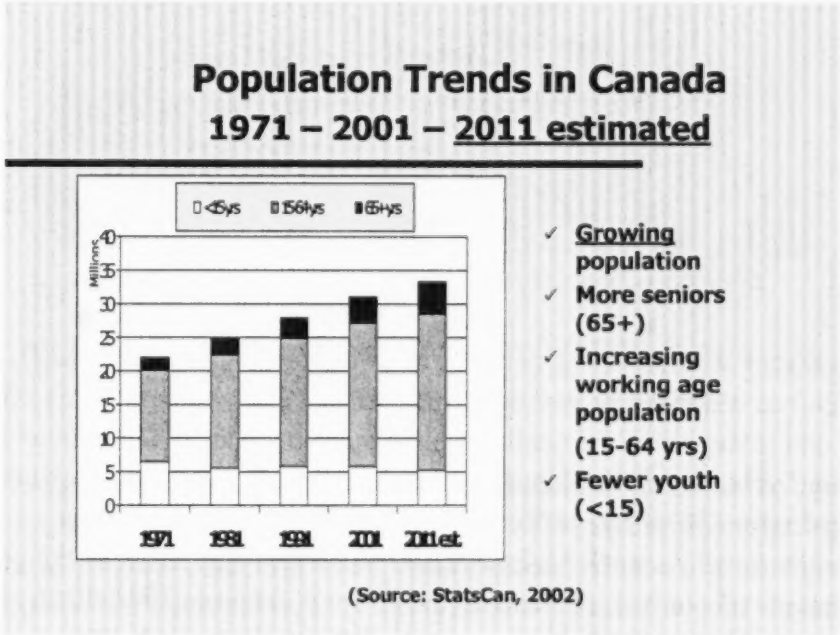


Chart 8 - Population Trends in Canada, 1971-2011 est.

3.2 The Canadian population has been growing at a slow pace in recent years and will continue to do so over the next ten years. The story behind this slow growth is that the number of young people is declining, the working age population is growing and the number of seniors is rising. These trends are generally attributed to three reasons. First, birth rates have been falling since the contraception breakthroughs of the mid-sixties. Second, the largest age cohort in Canada is the post-war baby boom generation (born between 1952-1966). They are aged 37-51 today, definitely of working age, and at mid-to-late career. Third are the medical and other advances that increase quality of life and extend average lifespans.

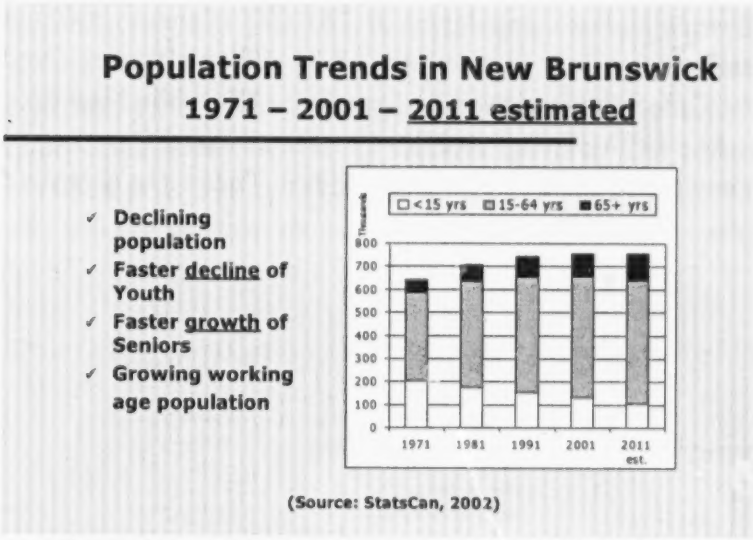


Chart 9 - Population Trends in NB, 1971-2011 est.

3.3 As **Chart 9** shows (and as already discussed in paragraph 1.19), New Brunswick has a different demographic profile. Our population has stopped growing and is expected to decline over the next decade. Our senior cohort is growing faster than the Canadian average and our youth population is declining faster. Why the difference? First, New Brunswick has traditionally (until recently) experienced much out-migration of its youth. High numbers of our baby boomers (in NB born between 1946-1966) left New Brunswick and established career and family elsewhere. As a result NB's "echo-boom" has been minimal. Immigration, the other population

builder, is not strong in New Brunswick. Our demographic profile is a matter of some concern for our economic future. We have: fewer youth upon which to build our prosperity; the first baby boomers reaching retirement age earlier than the rest of Canada (in 2011); and a steadily growing senior population.

(b) Our Labour Force

3.4 Our labour force comprises over 386,000 adult New Brunswickers who are either working or seeking to work (see **Chart 10**). These numbers will begin to decline after 2013 (as predicted by our demographics, see Paragraphs 1.20 and 3.3).

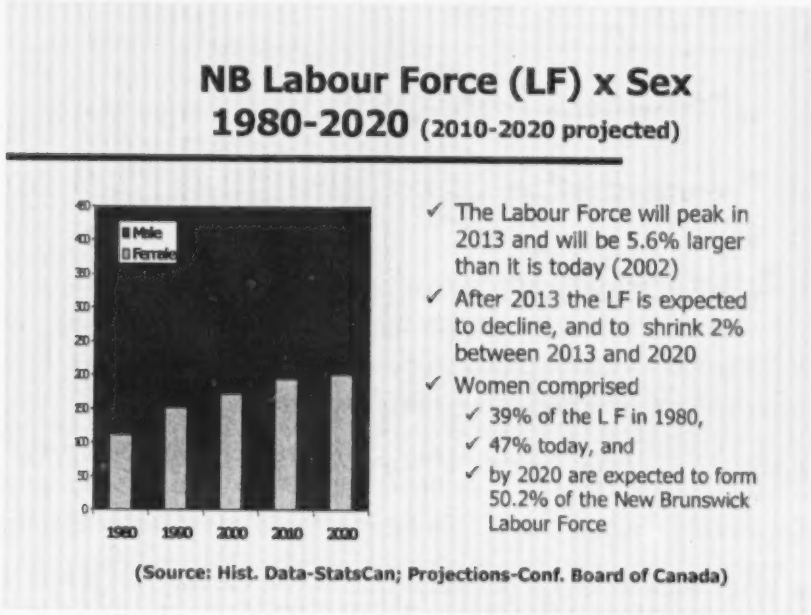
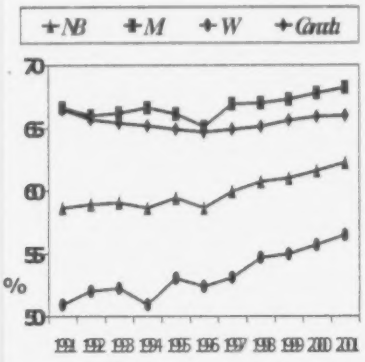

NB Labour Force (LF) x Sex
1980-2020 (2010-2020 projected)
Male
Female
1980
1990
2000
2010
2020
✓ The Labour Force will peak in 2013 and will be 5.6% larger than it is today (2002)
✓ After 2013 the LF is expected to decline, and to shrink 2% between 2013 and 2020
✓ Women comprised
✓ 39% of the L F in 1980,
✓ 47% today, and
✓ by 2020 are expected to form 50.2% of the New Brunswick Labour Force
(Source: Hist. Data-StatsCan; Projections-Conf. Board of Canada)

Chart 10 - NB Labour Force x Sex, 1980-2020

3.5 Paragraph 1.20 pointed out that New Brunswick's labour force participation rate of 62.2% falls well below the Canadian average of 66%. Traditionally below Canadian levels, New Brunswickers labour force participation has however been growing steadily over the past decade, while Canada's has stabilized. This is interesting, given our population dynamics: we are an older population, with fewer youth, and yet our labour force

participation is growing while Canada's is not. This is good news for our economy. Our labour force will continue to grow until the year 2013, when significant numbers of the oldest of our baby boom generation begin the lead into retirement. The labour force is expected to begin shrinking after that.

Labour Force Participation Rates
New Brunswick 1991-2001



- ✓ **Labour Force participation in Canada is falling**
- ✓ **NB's overall LF participation has gained in recent years, yet still remains below the Canadian average**
- ✓ **Women's LF participation is improving strongly in NB**

(Source: Labour Force Survey Annual Averages, StatsCan 2001)

Chart 11 - Labour Force Participation Rates, NB 1991-2001

3.6 New Brunswick women's participation in the labour force has been growing rapidly over the past decade (see **Chart 11**) and is expected to be equal to men's by 2019, when half of the labour force is expected to be female (**Chart 10**). Our view is that if we address the wage gap now, not only will more women be working, but by virtue of the wage gap interventions that we suggest, they will be more *fully*[xxxii] employed and thereby more economically productive. This will clearly lead to overall economic gains for the province.

3.7 It is clear then that the New Brunswick population is aging and not replacing itself sufficiently to sustain the future economy as we need. Strategic interventions such as those laid out in New Brunswick's *Prosperity Plan* are intended to orient our economy towards the economic productivity that we will need to ensure our competitiveness in the global economy. The good news is that while our labour force is also aging, New Brunswickers are still interested in labour force involvement, which is growing in our province, in strong contrast to the levelling off that we see in the rest of Canada. The *Prosperity Plan* sets ambitious targets for labour force participation and productivity over the next decade. It is our assessment that significant progress towards achieving these *Prosperity Plan* targets could be made by improving the labour force participation and productivity of NB women. Our solutions for New Brunswick's wage gap propose to do just that.

Our Jobs

(a) Full-time Employment, Part-time Employment

3.8 While there is room for optimism over the long-term outlook for New Brunswick's labour force, we tempered our own optimism when looking at the current situation for working New Brunswickers. **Chart 12** gives New Brunswick's current employment situation, with breakdowns by gender and hours worked, i.e. whether full-time or part-time. Right now, employment is fairly evenly divided among men and women in New Brunswick: 50.9% of all working New Brunswickers are men and 49.1% are women. However there are important gender differences in employment. Men work almost exclusively (93%) full-time hours, while one working woman in five (22%) is working in a part-time job.

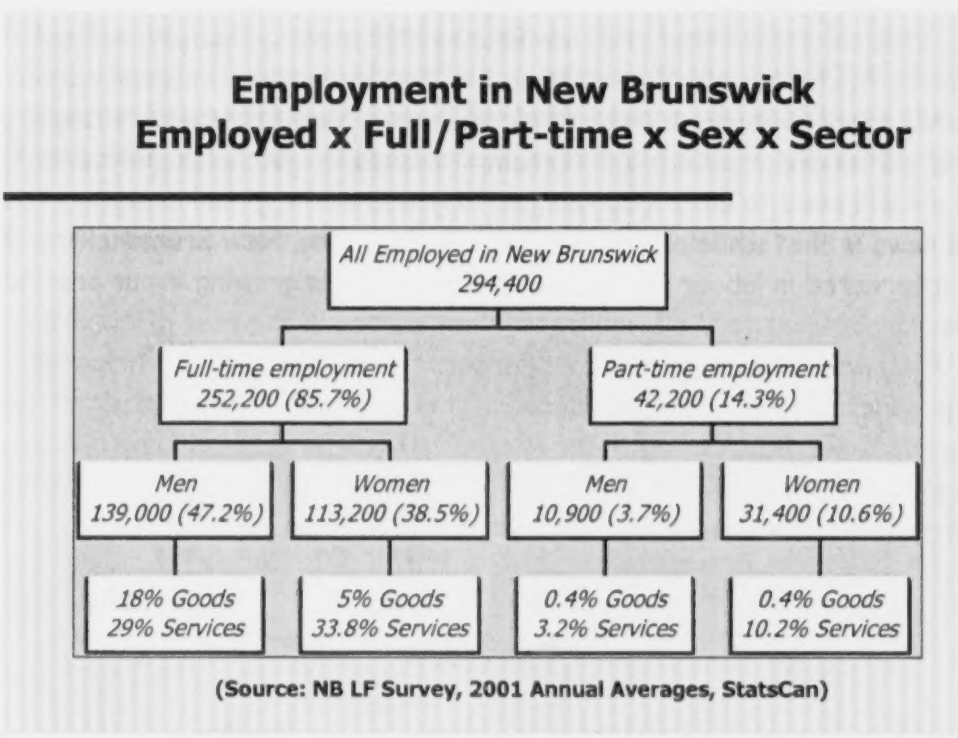


Chart 12 - Employment in NB, Full/part-time x Sex x Sector, 2001

3.9 Employment figures for the goods and service sectors are also shown. Over three of every four jobs are in the service sector (76.2%) and more than half (58%) of these are held by women. On the other hand, most of the jobs in the goods sector are held by men (76%). **Chart 13** provides the average hourly earnings for all these categories, and reveals the average hourly earnings of men working full-time in the goods sector to be the highest of any group ($16.39/hour vs. overall average NB earnings of $14.16/hour), while men in the service sector are the lowest paid ($8.80/hour).

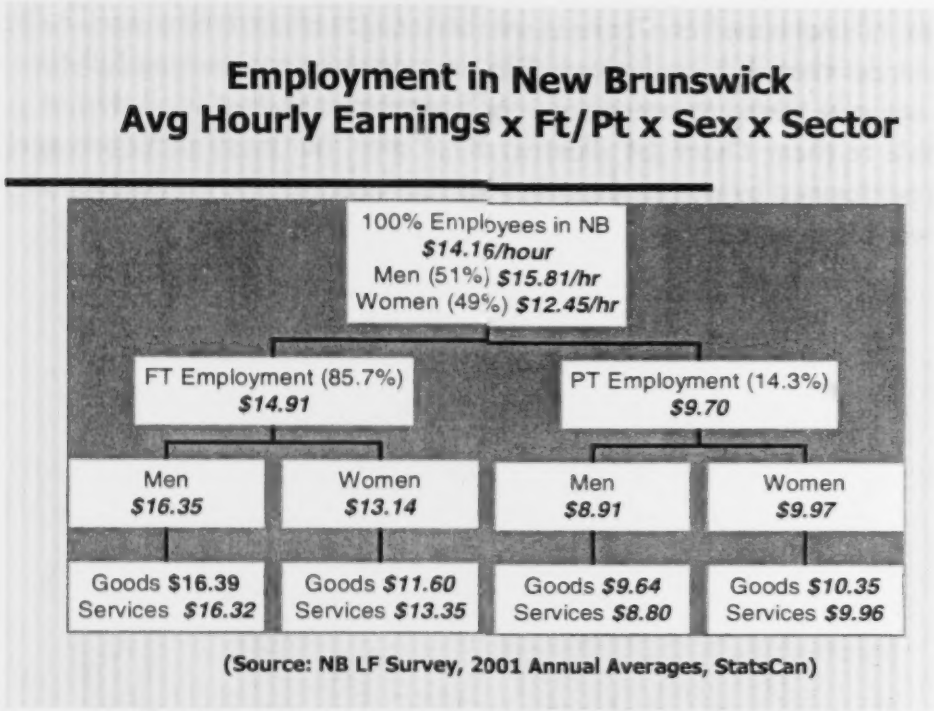


Chart 13 - Employment in NB, Earnings x Full/part-time x Sex x Sector, 2001

3.10 **Chart 13** illustrates the effect of different working situations on the wage gap in New Brunswick, thereby providing important evidence for our discussions. In the first place, *all* full-time workers earn significantly more than all part-time workers in New Brunswick ($14.91/hour vs. $9.70/hour, a 35% gap). Secondly, *men* working full-time earn one fifth more than women working full-time. Third, women working *part-time* earn much less than women working full-time. These data demonstrate the effect of part-time work on the gender-based wage gap in New Brunswick as well as the overall lower wages for women working fulltime, as suggested by the evidence in *Chapter II.*

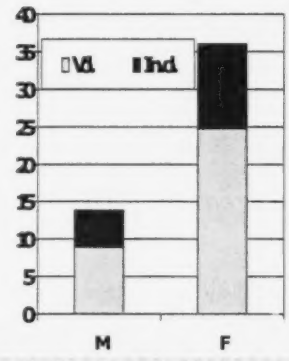
(b) Involuntary Part-time Work

3.11 Evidence from the UK's *Valuing Women* campaign (see Paragraph 2.3) had pointed out that part-time work is often low-skilled, low-paying and

carries minimal benefits. There is another aspect of part-time work to be considered: that it is involuntary. That is, many who are seeking full-time work are only taking the reduced work hours because that is all that is available to them. **Chart 14** illustrates not only that most part-time work is being performed by women, but likewise that most of the involuntary part-time work is being performed by women in New Brunswick.

Part-time Employment in NB
Voluntary vs. Involuntary x Sex, 2001

- ✓ **Women are twice as likely as men to be working part-time in New Brunswick**
- ✓ **One third of all part-time employment in NB is involuntary: full-time work is preferred but not available**



(Source: Statistics Canada)

Chart 14 - Part-time Employment in NB, Voluntary vs Involuntary x Sex

3.12 Part-time, service sector jobs tend to be lower paying, and tend to be performed by women. The minimum wage is the lowest hourly pay that can be earned. Among Chicha's list of reasons for the devaluation of female job classes (see **Figure 7**) was "government interventions". In this category she includes the *minimum wage*, arguing as do other wage gap researchers, that since it is primarily women who are earning minimum wage (and mostly for part-time, service sector jobs) that the minimum wage is contributing to the wage gap. These writers suggest that increases to the minimum wage would thereby reduce the wage gap. Does the New Brunswick data concur with their arguments? According to a special Department of Labour study into the minimum wage in 1998 (see **Chart 15**), the answer is yes. At that

time there were 15,300 New Brunswickers earning minimum wage. Of these 60% were women, more than half worked part-time and 70% worked in three traditionally female occupations of retail trade, business services and beverage/food services.

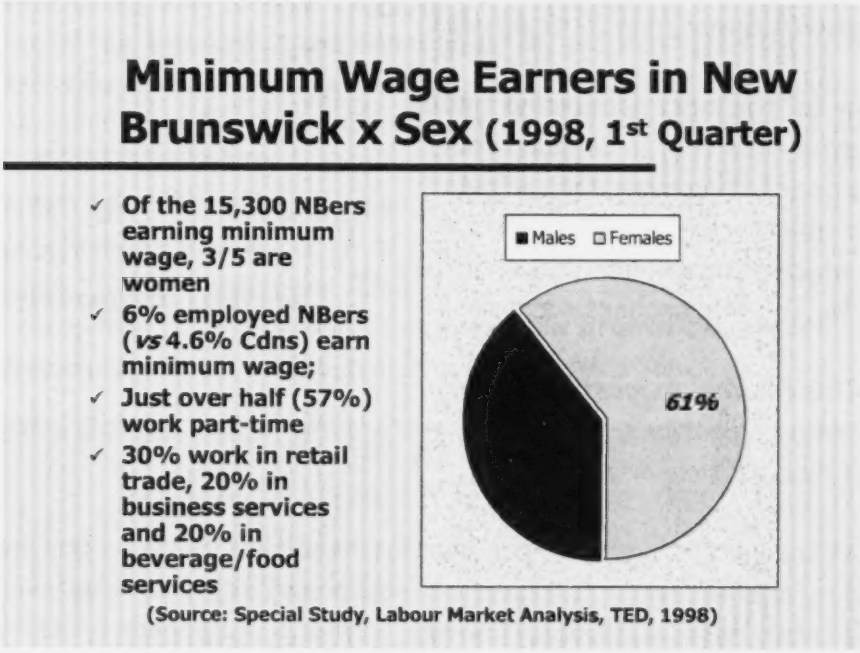

Minimum Wage Earners in New Brunswick x Sex (1998, 1st Quarter)
✓ Of the 15,300 NBers earning minimum wage, 3/5 are women
✓ 6% employed NBers (vs 4.6% Cdns) earn minimum wage;
✓ Just over half (57%) work part-time
✓ 30% work in retail trade, 20% in business services and 20% in beverage/food services
Males
Females
61%
(Source: Special Study, Labour Market Analysis, TED, 1998)

Chart 15 - Minimum Wage Earners in NB x Sex

3.13 We heard in *Chapter II* that women will choose part-time working situations to give them greater flexibility in meeting their family responsibilities. However, Statistics Canada just-released a study[xxxiii], which indicates that the choice may not all be in the hands of the employees. This report specifically looked at the extent to which part-time work and flexible work arrangements are offered in Canada, their incidence by company size and the motivations of companies for relying on part-time workers. They report,

> *"Data strongly suggest that access to family-friendly practices is a function of the type of work performed and the company's characteristics such as size and industry. It was virtually unrelated to the personal needs or family characteristics of its employees.*

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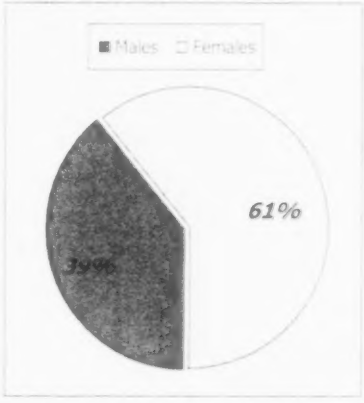

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> *"Data strongly suggest that access to family-friendly practices is a function of the type of work performed and the company's characteristics such as size and industry. It was virtually unrelated to the personal needs or family characteristics of its employees.*

3.14 It seems that Canada has a long way to go towards making its workplaces family-friendly. For example, this study found also that access to family-supportive practices was "*highest among well-educated employees in managerial or professional jobs.*" On the other hand, "*flextime and telework were most available to employees working in small workplaces such as those with fewer than 10 employees.*"[xxxiv]

3.15 For us, the most astounding finding of this study was that in Canada today, men are benefitting more than women from flexible working arrangements, no matter which occupation or industry they worked in. The researchers surmised,

> *... in Canada today, men are benefitting more than women from flexible working arrangements...*

> *"This finding suggests that even within occupations, women may perform tasks that are less amenable to flexible time or place."*[xxxv]

3.16 In concluding *Chapter II* we had observed that the wage gap can be reduced by addressing all contributors (obstacles), and this includes women's family responsibilities. However, in this new evidence we see that these practices are presently helping *men* more than women. The good news is that the flexibilities are being introduced, the challenge is to ensure they are more strongly oriented towards the women who need them, the women whose labour force *productivity* is not being maximized under current labour market conditions. For, the evidence we have just presented of the New Brunswick economy on full-time or part-time work, on the minimum wage and on involuntary part-time work shows that there is much room to improve the economic productivity of New Brunswick women. By this we mean that New Brunswick women will be more fully employed to their potential, in both working hours and actual work performed. More women will be working more hours (less part-time work), in a greater diversity of occupations and will be equal with men in the achievement of their career aspirations and economic potential.

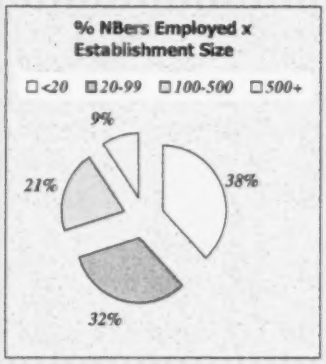
Our Workplaces

(a) Small Businesses and New Brunswick

3.17 Half of working New Brunswickers are men, half are women. Three-quarters of the jobs are in the service sector, and most jobs (86%) are considered full-time. What do we know about the size of their places of work? According to Statistics Canada data, in 2001 there were 28,503 firms in New Brunswick with paid employees. The vast majority of these (72%) have fewer than 5 employees, and another 17% have between 5 and 19 employees. In other words, *9 of every 10 employers in New Brunswick hire fewer than 20 employees.* Only 6.9% - approximately 2,000 employers - have more than 50 employees. How many New Brunswickers work in each of these situations? Chart 16 provides this information.

Employed New Brunswickers x Establishment Size , 2001

- ✓ **70% of all NBers work in small to medium-sized enterprises of <100 employees (66% for Canada)**
- ✓ **38% NBers work in Small businesses (33% for Canada)**
- ✓ **9.4% New Brunswickers work in enterprises of 500+ (12.3% for Canada)**



(Source: LFS Annual Averages, 2001, StatsCan)

Chart 16 - Employed NBers x Establishment Size, 2001

3.18 It is important in wage gap discussions to know the numbers of New Brunswickers working in different sized establishments. This helps us understand how many New Brunswickers would be impacted by any solutions

tailored to establishment size. The larger the enterprise, the more equipped it will be to meet obligatory wage gap requirements, or to partake of voluntary wage gap solutions. We were advised by employers and union representatives in Quebec, as well as by a Labour Canada official who had worked with federal pay equity provisions, that companies with 100 or more employees are best able to deal with legislated pay equity requirements. From the data in **Chart 16** we know that 70% of employed New Brunswickers work for small or medium sized enterprises. Only 30% of the 294,000 employed New Brunswickers (88,200) – work in companies of 100 or more employees.

(b) Information Gaps

3.19 While we were able to find wage gap information for industry and occupation, this did not allow us to get as sensitive a portrait as we would have wished of the wage gap in the New Brunswick economy. We have therefore identified informational gaps to include regional and sectoral information on wages earned by men and women in the province.

Our Legislation and the Wage Gap

3.20 When thinking about any workplace-based solutions that we might suggest for reducing the wage gap, there are really two types of remedies we could suggest. These are voluntary or mandatory. Employers who see the value in our solutions would be likely to voluntarily adopt them. On the other hand, employers could be required to follow mandatory solutions, which may range from conditions of contract compliance, to actual legislation. How would legislation work?

(a) Pay Equity Legislation

3.21 *Pay equity* legislation seeks to reduce that aspect of the wage gap that is due to discrimination in setting women's wages. Such laws require that women's jobs are fairly assessed for value, defined as the level of skill,

effort, responsibility and working conditions required to perform a job. To comply with these laws employers must: identify jobs in which there are a majority of women; assess the value of these jobs using a gender-neutral tool; compare value and salary of these jobs with "male comparators" and then adjust women's wages accordingly. The process is a complex one, and usually takes a number of years to complete.

"Pay equity" legislation seeks to reduce that aspect of the wage gap that is due to discrimination in setting women's wages.

3.22 In 1988 New Brunswick enacted a *Pay Equity Act* to cover all employees of Part I of the Public Service. Over the three-year period of 1988-1991, a team of government and labour representatives identified female-dominated jobs, assessed them using a gender-neutral job evaluation system (the Hay System), found male comparators and then agreed to pay adjustments. The four-year payout period began in 1991. The *Act* was not extended to other parts of the public service, however, the Hay System was introduced to all non-bargaining employees in government. For bargaining employees, a variety of approaches were taken. Thus, the teachers unions (Part II) said they did not have a pay equity issue, while the non-teaching staff opted to receive the same adjustments that their Part I colleagues had received. In the health sector (Part III), government offered to implement the Hay System approach to pay equity as part of the collective bargaining process. To date, no union has taken up this offer.

3.23 Both Ontario and Québec have enacted pay equity legislation to cover all employers, private and public sector alike. The Canadian Human Rights Act (s. 11) likewise ensures that the federal public sector, and all employers covered under the Canada Labour Code meet pay equity requirements. Manitoba and the Maritime provinces enacted pay equity legislation for some or all of their public sector in the late 1980s. An issue often raised in administering these *Acts* is that the administrative costs can far outweigh the costs of the final payouts to women. In addition, the maintenance costs for the *Act* can be high. Because of these concerns, most provinces who

introduced pay equity only into the public sector, deemed the process was completed once the pay adjustments were made and new wage rates installed. The purpose of the *Act* is considered to have been served at that time and it is no longer enforced. This is the case for New Brunswick's public sector *Pay Equity Act*.

3.24 The Labour Canada official who had led the 1986 implementation of pay equity provisions within federally-regulated private sector employers discussed the experience with us. Labour Canada at that time opted to take a compliance-policy approach to pay equity. That is, they worked co-operatively with employers to bring them to compliance with the law, *versus* an approach of making the requirement and then policing offenders. While the costs of hiring the compensation professionals was high for Labour Canada, and while the employers encountered their own costs in complying with the *Act*, a 5-year follow-up found that only 10% of employers had not begun to comply. In addition, the wage gap did shrink by a third over that period. From their original research, Labour Canada had concluded that roughly one third of the wage gap was due to pay discrimination, so the one third shrinkage of the gap told them that they had met their objective. (They did admit that other simultaneous interventions, such as employment equity programs, definitely had a strong impact on the wage gap too.)

3.25 This Labour Canada specialist advised us, "no matter what solutions you consider for the wage gap, it is imperative that you work with, rather than against business." We were also advised that while legislation does have its merits, it alone would not give us pay equity. The way we approach its implementation would be as important as the legislation itself:

"No matter what solutions you consider... it is imperative that you work with, rather than against business."
(advice from Labour Canada Official)

"If you are going to try and change the way people think and act and do business, they must be able to see "what's in it for me?" Business people have said, 'if we are good to our people, they are good to us and we reduce our recruitment and retention costs."

(b) The Employment Standards Act

3.26 As there is no pay equity legislation in New Brunswick right now, we wondered, where would a NB woman go with a pay equity complaint? There are two places she might take her complaint: either to an Employment Standards office or the Human Rights Commission.

3.27 The *Employment Standards Act* sets out minimal workplace standards for all working New Brunswickers. While the *Act* does allow for proactive initiatives, it is largely administered through a complaints-based model. When individuals come forward to lodge complaints against their employer, these are investigated by Employments Standards officers. Should the investigation show the employer has broken the law, a Director's Order is issued, requiring compliance.

3.28 This *Act* does not legislate for pay *equity*, or equal pay for work of equal value. However, in 1986 a provision now requires equal pay for equal work. This is called pay *parity* which means that, when two people are doing the same job, e.g. a waiter and a waitress, then they should be paid equally. The *Roundtable* was advised that since 1995 there have only been five complaints related to this provision, none of which have led to a Director's order. Concerning NB's employer culture, we were told that experience with the NB employer community is overall pretty good. There is compliance with the legislation by and large.

... we wondered, where would a New Brunswick woman go with a pay equity complaint?

For example, in a workforce of approximately 350,000 people, with about 28,000 employers, the Employment Standards branch receive roughly 1300 complaints per year, only 50 or 60 (or 5%) of which result in Directors Orders.

(c) The NB Human Rights Act

3.29 Under the NB *Human Rights Act* discrimination on the basis of gender has been prohibited since 1967. This *Act* too uses a complaints-driven approach, and in 1986 the Commission held its first and only hearing on a complaint concerning equal pay for work of equal value (pay equity). In that case, the complainants won and pay adjustments were made.

3.30 How do people know where to go to lodge a complaint? The Human Rights Commission and the Employments Standards Branch said they co-operate to refer individuals to the appropriate agency. At present then, pay equity complaints are referred to the Human Rights Commission. Yet the Commission said that NB women are raising pay equity discrimination only when coming forward with a complaint on a "larger issue". NB women are simply not coming forward to lodge pay equity complaints alone.

New Brunswick women are simply not coming forward to lodge pay equity complaints. We asked why?

3.31 We asked, why? Both agencies told us that most complaints are lodged after the individual has already left her or his job. This is because it is difficult to retain one's anonymity through the investigation process, and even more difficult to prove afterwards that one was (illegally) dismissed or disciplined because of lodging a complaint. Fear of job loss is the reason for silence. Yet even after the job has been left, women are only rarely raising issues around equal pay for work of equal value (pay equity). Do women not know or perhaps they do not feel that under-valuation of their work (that is

un-equal pay for work of equal value) is a form of discrimination? This is the subject of the next section.

The Working Reality of the Wage Gap

3.32 So far, we had reviewed the wage gap literature, gained an understanding of the New Brunswick economy and looked at some legislative frameworks. Now, we needed to hear from the front lines: from the working women themselves, and from employers.

(a) From Women's Perspective

3.33 To hear from the women, we organized four (4) focus groups. We sought their perspective on: how they chose their work and careers; their wages; and on the wage gap itself. Each focus group (of 5-9 participants) represented both a geographical area and a general occupation; two groups were conducted in French, two in English. Group (1) was conducted in French in Moncton and included women in office support occupations such as secretaries, finance clerks and clerical workers. Group (2) was conducted in French in the Acadian peninsula and included women in the fish-processing industry and from a variety of fish plants. Group (3) was conducted in English in Woodstock and included girls from grades 11 and 12. Group (4) was conducted in English in Saint John and included women in trade and technology occupations.

3.34 "Most women wish they had had better early career direction. Some felt stuck in their current line of work, which by and large resulted from poor, uninformed life/career decisions, combined with a lack of early career guidance and positive role models. Some participants proposed bursaries and other forms of incentives to encourage women to study and work in non-traditional fields. They felt this to be an important strategy, particularly for women whose social and economic backgrounds place them in challenging life situations." [xxxvi]

3.35 Attitudes toward current wages varied significantly among the three working groups. The women in trades and technology were pleased with their wages and with their wage prospects. They were in a unionized environment in which the wage scales applied equally to men and to women and therefore felt they did not suffer wage discrimination. At the other extreme, the fish plant workers felt entirely let down by their earnings:

> *"I had a pay raise of ten cents a year for thirty years, (earning) from $4.50 an hour to $7.50 an hour".* [xxxvii]

3.36 "A woman who starts working with no experience earns the same as the one next to her with 30 years experience. Referring to E.I. stamps, the group reported that there are *«men's EI stamps and women's EI stamps»* (showing the importance of the wage rate in determining the off season "wages" of unemployment). Some women get to earn "men's stamps" if they are physically strong enough to do "men's work". All believed that a minimum of $10.00 per hour should be the legal minimum wage for this type of work. These fish-plant workers give these explanations for the wage differences for the same work: traditional attitudes of man as the breadwinner, man as superior to woman, and then say that men wouldn't tough it out in the plants therefore someone must do the work." *(Verbatem from the consultant's report.)*[xxxviii]

How do women fish-plant workers explain wage differences for the same work? They point to traditional attitudes of man as the breadwinner, man as superior to woman and then say that men wouldn't tough it out in the plants so someone must do the work!

3.37 All focus groups were somewhat aware of the wage gap issue before the focus group, as they had seen or heard the publicity campaigns of the NB Advisory Council on the Status of Women. Each group however, provided different perspectives on reducing the gap:

- Group (1) "The Administrative Professionals group appeared to have an informed, organized and focused approach to reducing the wage gap. They proposed gathering information, building a solid case, approaching employers using the mechanisms in place. If such mechanisms were unavailable, they would create these mechanisms via HR (human resources) job evaluations, pay band reviews, workplace wage gap reduction committees, etc. This would enable women to better communicate and state to the employer, in an empowering manner, the wage gap issue factually with respect and confidence." [xxxix]

- Group (2) "On a few occasions throughout the years, female leaders in the fish plants have organized other women for the purpose of requesting better wages and work conditions. Each time they attempted to meet with the boss, most women would lose courage just before the actual meeting and would leave the group leaders standing alone. The focus group stated that it would take at least a generation just to reduce the gap and that it likely would never completely close. They shared the sentiment that it will take more women in positions of power and more solidarity among women in general to effect meaningful change in the realm of wage disparity." [xl]

- Group (3) "Students feel sorry for what previous generations of women dealt with, citing that *'«they accepted it, that's the way it was...»* The high school group had high expectations and a firm approach to dealing with the wage gap issues. They claimed that they would do something about it even if it meant informing the Labour Board. Their perceptions of possible repercussion on women lifting the veil on the wage gap issue included negative impacts on them and their peers as well as positive outcomes such as *«being famous, known*

> *The high school group ... said that more people including workers have to accept that it's* (the gap) *unacceptable.*

in the community and around the province for standing up for her rights». They generally felt appalled by the wage gap, and identified patriarchy as a main culprit. They believe that the gap will seriously be reduced as women become more educated with degrees and diplomas and become bosses. To close the gap, they felt that '*more people including workers have to accept that it's* (the gap) *unacceptable*'."[xli]

- Group (4) (Women working in trades and technology) "Surprisingly two women did not know the gap was still an issue while the three others thought the gap was bigger. Explanations for the gap included women's fear of expressing their concerns '*(*they*) don't want to pass as woman lib's*' and the impact of Mom staying at home and Dad going to work. Interestingly, these women indicated that if women spoke out in the workplace about unfair wage issues, implications would be overwhelmingly positive for the women concerned, as well as their peers. They believe the wage gap can be reduced, but that discrimination will always remain. «*If wage gap reduction has not happened now with all the equal rights talk going on, it will not happen soon.*»"[xlii]

3.38 These focus groups expressed a full range of attitudes about their work: from the disappointment expressed by the fish-plant workers, to the satisfaction of the women in trades and technology jobs to the optimism of the high school students. Most participants told us they wished they had had better early career direction and all were dismayed by the size of the wage gap. Regarding solutions, they felt better education leads to better paying jobs and some proposed bursaries and other incentives to encourage women to study and work in non-traditional careers. While some felt that the wage gap might be eliminated or reduced in this generation, others felt that it would take a new generation of women to alter this "wage gap

Most participants told us they wished they had had better early career direction, and all were dismayed by the size of the wage gap.

culture." While some participants felt that the only way to close the gap would be to bring in pay equity legislation, those women in unionized environments felt more safe to raise wage gap issues in their workplaces, and have them addressed there.

(b) Employer Case Studies

3.39 We had heard about certain exemplary employers in the province who had taken steps to reduce wage discrimination within their workplaces. Each came and spoke to us in confidence and we promised to retain their anonymity, while retaining the essence of their experiences, and so present them as the four (4) following case studies:

- Case One - eight years ago, this company expanded their gender-neutral job classification system beyond upper management. Two years later, a key financial benefit was expanded from upper management to all employees. While progressive, the company knew that other measures were needed to reduce their wage gap of 57.5% (women employees still occupy all of the two lower pay classes, all top managers are still men). They also recognized that women are often reluctant to apply for management positions because of work-family balance issues. They therefore initiated a number of additional actions to eliminate such barriers to women's progress. These range from in-house mentoring programs to work-family balance supports such as flex hours, reduced hours, working at home, special leaves, cross-training strategies and reducing if not eliminating overtime work. This company sees that its employees are more productive, less tired from overwork and less stressed from competing work and family responsibilities. The cross-training strategies not only benefit employees, by exposing them to a greater range of skills and career

They also recognized that women are often reluctant to apply for management positions because of work-family balance issues.

options, they also protect the employer from ups and downs with employee recidivism, while allowing the company to attract better employees.

- Case Two - for this company, market conditions have a great influence on the compensation employees receive and influence pay in three ways: need to remain competitive; need to pay what they can afford; and the need to create a culture of mutual respect within the organization. So the company undertook a range of flexible human resource and wage strategies to attract and keep a stable pool of workers, to develop internal and external measures, to provide appropriate rates of pay in the market (an industry-specific market), and to ensure transparency within the organization on pay practices and respect for employees. As a result of these and similar ongoing initiatives they feel they have succeeded in retaining a more productive and stabilized workforce in a resource-based industry.

They feel they have succeeded in retaining a more productive and stabilized workforce in a resource-based industry.

- Case Three - This employer introduced a *gender-neutral job evaluation system* for part of its workforce. It was contract renewal time and the partners were interested in the process for the following reasons. On the one hand, the union had wanted it for 10-15 years to reduce discrepancies within their bargaining unit; to create relevant job descriptions; and union members wanted service for their union dues. The employer wanted it in order to bring greater rigour into its human resource management and job evaluation processes. The outcomes for this employer and the employees were unexpected, and while overall the process was deemed a success there were significant

disappointments. Nobody had been prepared for the significant proportion of jobs which increased in pay scale, nor with the size of some of the increases. In addition, those jobs that were decreased in pay scale were those which had been former "hot markets" which had cooled. Overall, however the employer is satisfied with the outcomes. It developed a job classification system through impersonal and professional standards (common criteria) and it achieved internal equity within the bargaining unit. It was pleased with the joint participation it gained from the outset, thereby ensuring employee buy-in. As a result of this participative approach, the union and management defended the results together.

- Case Four - When this company came under new management, it wanted to meet the industry's growing challenge of the aging workforce. At the time the company's culture thought in terms *women's jobs* and *men's jobs* and there was a 25% pay difference between these two job groups. However, when the company implemented a gender neutral job classification system, all components of both jobs were found to be equal except the physical effort. Management then developed a 4-year plan to bring in necessary wage adjustments whereby the light labour jobs would receive pay hikes of 29.5% while the heavy labour jobs would receive hikes of 11%. Now, at the end of the 4-year plan there is only a 6% wage difference between the two job classes, as justified by the results of the job evaluation system. The company considers this initiative to have been a success. It has now secured its employee base and does not have the turnover it used to have with its short-term employees. In addition, these changes produced minimal

At the time the company's culture thought in terms women's jobs and men's jobs and there was a 25% pay difference between these two job groups... Now there is only a 6% wage difference between the two job classes, as justified by the results of the job evaluation system.

impact on the financial bottom line. It attributes this to two things: the fact that the company is running more product and the impact of these wage increases on employee productivity.

3.40 In each of these cases, the companies introduced gender-neutral processes due to high turnover, absenteeism and stress levels of their employees. All of these factors compromise a company's the bottom line. In all cases, employers felt their companies had gained from these initiatives. They also advised us that implementing gender-neutral and family-friendly human resource management practices is an evolving task, and a sign of the times. For companies to deal with shrinking labour pools and expected skills shortages, they will need to become more proactive and flexible in their human resource management. In these cases, proactive human resource practices, which incidentally reduced workplace wage gaps, also improved the economic viability of the companies involved.

Conclusion - The Context for Made-in-NB Solutions

3.41 A look at the New Brunswick context reveals the urgency to address the wage gap. We have already established that women's economic productivity will rise as the wage gap shrinks .This in turn means New Brunswick's economic productivity will rise: and not a moment too soon. For, New Brunswick has an aging population, and a shrinking one and already is facing significant skills shortages. In order to secure our economic future, more New Brunswickers will need to be working, and be highly productive at the same time. The workforce data gave ample evidence of the under-utilization of the potential talent and abilities of New Brunswick women. It also showed that while our labour force participation is growing, it is still far below Canadian averages, and must rise to those levels if the economic goals of our Prosperity Plan are to be achieved. Simply put, New Brunswick's economic prosperity depends on the full economic productivity of all able adult New Brunswickers. We still need to raise and nurture our

... as the wage gap shrinks... New Brunswick's economic productivity will rise. And not a moment too soon.

families and the economic productivity of our women must increase. How can we have the best of both worlds? By removing the obstacles to women's economic equality with men, and thereby redressing our wage gap.

3.42 About 300,000 New Brunswickers are currently working, and in roughly twenty-eight thousand (28,500) workplaces. Most (70%) work where there are fewer than 100 employees. Workplace interventions to increase women's economic equality could be either mandatory or voluntary. Regarding current mandatory action, while equal pay for equal work is currently required by law in New Brunswick, pay equity, or equal pay for work of equal value is not. This said, about fifteen years ago a Pay Equity Act introduced pay equity into one part of the public service and the legislation has lain dormant since. For voluntary actions, we heard from employers whose progressive human resource management methods had successfully addressed one or all of the three contributors to the wage gap. These employers saw economic benefits to these practices. Finally, New Brunswick women themselves said that while they were aware of the wage gap, they were surprised at its size and wondered why we had not yet found solutions.

3.43 This completes the presentation of the evidence we considered and the conclusions we reached in our deliberations. Our analysis is supported by all Roundtable members.

CHAPTER 4
THE SOLUTIONS

4.1 Our vision is of a New Brunswick in which there will be full economic equality between working men and working women. In examining the evidence that we have laid out in this report, we have come to comprehend that the obstacles that women encounter in their working lives - purely because they are women - are robbing them of economic equality with men. They are also robbing women of the right to fulfill their potential, and robbing our province of achieving its full economic potential. The bottom line is that addressing the wage gap issue is not only right for New Brunswick women, it is right for the rest of the province. Addressing the cultural inequities that lead to the wage gap has always been the right thing to do. Addressing these inequities now is the economically urgent thing to do.

4.2 Our solution to the wage gap is a collaborative one. We make our suggestions for the good of the entire province and therefore assume that the stakeholders who were party to this Roundtable must continue to work together. We likewise suggest that we dovetail our efforts with all New Brunswickers who are working to improve our economic prosperity. For such is the scope of this issue. We have spoken of the key culprit being cultural or societal attitudes. That implicates us all, and our solutions must therefore reach us all, with the participation of as many as possible.

4.3 Our approach follows our analysis of the issue. We must succeed in making New Brunswickers so informed on wage gap issues that they will understand what they need to change. Then we must show them how they can do so. We recommend therefore that New Brunswickers work together to change societal attitudes while implementing our solutions to known contributors to the wage gap.

Recommendations

4.4 In the following we respectfully submit our recommendations for redressing New Brunswick's wage gap issue. We recommend a five-year action plan with three strategic thrusts and we provide our best advice on an accountability framework to ensure success. In reflecting upon the evidence, in considering New Brunswick's economy and its people, this is our best counsel on how New Brunswick can practically address its current wage gap issue. We must also add that we enjoyed some debate in the formulation of our recommendations and in the final analysis, two member organizations (see *Appendix I*) realized that they could not support recommendation 4.5(i) and formally communicated this fact to us.

4.5 In submitting our *Report* on New Brunswick's wage gap to the government of New Brunswick, we are setting down the basic elements for a strategic plan to address the issue. These elements include our *Vision*, *Strategic Thrusts* and a listing of priority *Actions*. The *Wage Gap Roundtable* thereby recommends:

i. That the Government of New Brunswick take a leadership role and develop a *5-Year Wage Gap Action Plan* that outlines voluntary measures, applicable to both the private and public sectors, to address New Brunswick's wage gap.

ii. That the Department of Training and Employment Development (TED) take the lead role to develop and implement the *Action Plan.*

iii. That a *Wage Gap Advisory Committee* be struck, comprising partner representation similar to the *Wage Gap Roundtable*, to act as an occasional sounding board on solution frameworks and implementation strategies, identify and seek counsel from other stakeholders, and provide advice to the Minister of TED as requested.

iv. That the *Action Plan* strive towards the Wage Gap Roundtable *Vision* and channel its focus through three (3) strategic thrusts: (a)

Family Responsibilities; (b) Job Clustering and (c) Under-valuation of Traditional Women's Work.

v. That the *Action Plan* build on the short-term and intermediate-term actions for each of these 3 strategic thrusts, which are set out in *Appendix II*.

vi. That within no less than 12 months, the *Action Plan* presents specific, clear and practical qualitative and quantitative objectives for reduction of the wage gap. These objectives must be developed in concert with the *Wage Gap Advisory Committee*, in the context of relevant baseline data and information, and reflect the regional, sectoral, social, and other realities of the New Brunswick economy.

vii. That the *Action Plan* include a measurement framework which identifies targets, verifiable indicators, stakeholder roles and responsibilities, accountability and implementation timelines, and reporting protocol. This framework must be developed through a process of inclusive consultation with all stakeholders and partners.

viii. That the Executive Council Office be responsible for the ongoing monitoring of the *Action Plan* measurement framework. Additionally, the Executive Council Office would advocate for the *Vision* and work with TED in an advisory capacity.

ix. That at the end of Year Five, the Government of New Brunswick, in concert with the "Wage Gap Advisory Committee" coordinate an independent and comprehensive evaluation of the *Action Plan* as stipulated in the measurement framework.

x. That if substantive and significant progress towards the achievement of the objectives has been accomplished, the voluntary measures be continued in a follow-up (on-going) *Action Plan*, to pursue the reduction and eventual elimination of the wage gap.

xi. That if the comprehensive independent evaluation indicates only limited progress towards the objectives has been achieved, the Government of New Brunswick develop and implement appropriate wage gap reduction legislative mechanisms, applicable to both the private and public sectors of the New Brunswick economy.

xii. That the *Action Plan* stakeholders include: business groups and leaders, labour, municipalities, government departments and agencies, community groups and other interested parties. The government departments and agencies could include (but not be limited to): the Departments of Training and Employment Development, the Executive Council Office, Business New Brunswick, the Office of Human Resources, Education, Environment and Local Government, Family and Community Services, and Finance.

xiv. That appropriate human and financial resources be allocated to ensure effective implementation of the *Action Plan*.

APPENDIX I

The NB Wage Gap Roundtable

(a) Our Mandate

Create an understanding among key stakeholders of the key issues underlying the wage gap between men's earnings and women's earnings and how these can be practically addressed in the New Brunswick situation.

(b) Our Terms of Reference

New Brunswick's *Wage Gap Roundtable* will achieve its mandate through the following means:

- ✓ Assess existing research findings in the area of pay equity and the wage gap;
- ✓ Seek advice from experts in the field and from informed and experienced partners;
- ✓ Assess best-practices within and outside New Brunswick;
- ✓ Identify important informational gaps and suggest means of addressing them;
- ✓ Submit advice to government on options to address New Brunswick's wage gap;
- ✓ Suggest baseline and monitoring indicators for New Brunswick's wage gap.

(c) Our Membership

- Business & Professsional Women's Club, *Nancy Eustace*
- Canadian Federation of Independent Business, *Stéphane Robichaud*, Executive Director
- Canadian Manufacturers and Exporters, *Blaine Lewis*, Vice-President, NB Division
- Cities of NB Association, *Sandra Mark*, Executive Director
- *Coalition for Pay Equity/La coalition pour l'équité salariale, *Marylea MacDonald*, President
- Conseil Economique du Nouveau-Brunswick inc., *Paul Aucoin*, Directeur-exécutif
- Early Childhood Care and Education NB /Soins et éducation de la petite enfance du NB, *Linda Gould*- President
- Government of New Brunswick, *Honourable Margaret Ann Blaney , Chairperson*, Minister Responsible for the Status of Women
- NB Advisory Council on the Status of Women, *Rosella Melanson*, Executive Director
- NB Chambers of Commerce, *Valerie Roy*
- *N.B. Federation of Labour, *Pat Hay*, Vice-President, Women's Issues
- University of New Brunswick, *Julie Szo*, Human Resources Consultant, *(Sadly Julie passed away before the report was completed)*

* Note: These two organizations could not support recommendation 4.5(i)

(d) Our Staff Support

- *Norma Dubé*, Executive Director, Women's Issues and Performance Improvement Branches, Executive Council Office
- *Pamela Nadeau*, Wage Gap Roundtable Co-ordinator, Executive Council Office
- *Jacques Paynter*, Facilitator, AMEC Earth and Environmental Ltd., Fredericton

APPENDIX II

Actions x Strategic Thrusts

The following gives a listing of the short and medium-term actions that we believe will close New Brunswick's wage gap. They relate to our 3 Strategic Thrusts, which are the three known contributors to the wage gap. We counsel the government to base its *Action Plan* upon these and our Vision.

STRATEGIC THRUST #1 - FAMILY RESPONSIBILITIES

Partner Roles and Goals	Some Specific Actions x Timeline
The **Business Community** will work with its members to: • Promote and encourage the integration of child care services and family-friendly practices (flex-time, job sharing, work from home, on-site quality child care) in their business operations; • Encourage stakeholder agencies, associations and business groups to integrate and promote child care and family-friendly practices in all strategic planning processes. The initial focus will be in those sectors with high numbers of women employees; • Promote equal access to benefits for all employees; • Celebrate the successes of businesses that have adopted trend-setting strategies in child care and family-friendly practices;	In collaboration with government and other partners, the business community will: <u>In the Short-Term</u> • Agree upon an appropriate range of child care and family-friendly practices that it would wish to endorse among New Brunswick businesses • Develop an informational toolkit based upon this agreement • Use toolkit to make presentations with member groups and affiliates on these practices • Develop strategic means to introduce information into the *Prosperity Plan*, (e.g. through stakeholder agency meetings and other situations, such as contract compliance models), to ensure that childcare and family-friendly practices become part of the new economic landscape in New Brunswick.

Partner Roles and Goals	Some Specific Actions x Timeline
	Strategic Thrust #1 **Family Responsibilities (cont'd)** **In the Intermediate-term** • Recognize and promote benefits of employees having balanced lives, of workplaces providing family-friendly policies; identify champions on advisory committees; • Tie-in to government programs; recognize benefits; celebrate with awards media exposées etc. • Monitor effectiveness of communication efforts and contribute to required improvements • Partner in communicating and promoting the benefits of implementing voluntary measures

Partner Roles and Goals	Some Specific Actions x Timeline
Stakeholder community groups will work with their constituents to: • Promote and encourage the integration of child care services and family-friendly practices (flex-time, job sharing, work from home, on-site quality child care) in constituent workplaces; • Strengthen and leverage links and partnerships among businesses and existing groups and non-governmental organizations to see implementation of child care services and family-friendly practices • Identify, recognize and promote best practices • Encourage the development of a database and network to increase awareness of, and assist families gain access to, relevant resources available at local level (family resource centres, access centres, educational institutions)	**Strategic Thrust #1** **Family Responsibilities (cont'd)**

Partner Roles and Goals	Some Specific Actions x Timeline
Representative of **stakeholder government departments and agencies** will collaborate to: • ensure that subsequent to municipal elections, child care and family-friendly practices and issues are placed on Department of Environment and Local Government orientation agenda (Find means to reach Local Service Districts) • Clarify, Understand and enhance as necessary Family and Community Services policies and programs relevant to child care and family-friendly practices • Improve the prevention of, and recourses for, discrimination related to family responsibilities • Promote equal access to benefits for all employees • Ensure family responsibility issues are well-understood and recognized within the civil service	**Strategic Thrust #1** **Family Responsibilities (cont'd)** Government will: <u>In the Short-Term</u> • Ensure that Business New Brunswick works with stakeholder agencies and CEDAs to integrate and promote child care and family-friendly practices in all strategic planning processes. Place initial focus on industries with high numbers of women employees. • Governments will promote child care and family-friendly policies with employers <u>Over the Immediate-Term</u> • Identify the gaps and continue to develop and implement family-friendly employment standards (beyond the 7 newly introduced amendments) • Develop a strategic plan to enhance access to, and improve quality of, comprehensive (after-work hours) child care services for the long-term future •

STRATEGIC THRUST #2 JOB CLUSTERING

Partner Roles and Goals	Some Specific Actions x Timeline
The **Business Community** will work with its members to: • Enhance awareness of clustering issues • Develop and adopt gender-neutral hiring practices • Promote opportunities for cross-training and increase exposure of women to diverse occupations and other employment options • **Ensure the fair promotion of women into positions of management and decision-making** • Promote self-audits of employer workplaces • Increase female participation in apprenticeship / coop programs • Participate in career promotion and awareness activities for all women, whether employed or unemployed	In collaboration with government and other partners, the business community will: **In the Short-Term** • Identify the top players (main employers) and enhance understanding of peculiarities of each industry • Rewrite human resource materials (e.g. job application and professional development forms) • Develop and implement on the job training, co-op programs, mentors • Increase recognition and understanding of impact of female values and decision making processes • Communicate to employers the economic benefits of closing the wage gap; develop employer tool kits for addressing the gap; publicize interpretation of results • Target promotion to girls in high school; industry-community college links; increase numbers and awareness of career counsellors; promote "career room" concept in schools **Over the Intermediate-Term:** • Monitor effectiveness of communication efforts and contribute to required improvements • Partner in communicating and promoting the benefits of implementing voluntary measures

Partner Roles and Goals	Some Specific Actions x Timeline
Stakeholder community groups will work with their constituents to: • Encourage municipalities, community groups, CEDAs to incorporate wage gap issues in lifestyle and career promotion strategies • Educate community on an increased emphasis on non-traditional work for women through job fairs, volunteering, etc. • Use female role models to promote opportunities for women in non-traditional occupations and industries • Encourage women who are already working to consider non-traditional careers • Build on what best practices are already being implemented in New Brunswick	**Strategic Thrust #2** **Job Clustering (cont'd)** • Identify key partnering organizations and build on relationships to address specific issues (youth and career decisions at different life stages)

Partner Roles and Goals	Some Specific Actions x Timeline
Representative of stakeholder government departments and agencies will collaborate to: • Ensure the fair promotion of women into positions of management and decision-making • Ensure certified (trained and qualified) career counsellors at middle school and high school • Provide leadership and set objectives / goals regarding placements specifically for women in non-traditional occupations in the civil service • Provide accurate, timely and reliable data that ensures clear understanding of wage gap issues and results in appropriate, clear messages and responses • Provide incentives and assistance to private sector employers to recruit / hire / train women in non-traditional roles / jobs • Develop and enforce inter-provincially harmonized occupational standards • Ensure that training initiatives promote equality • Provide financial incentives for non-tax deductible courses related to fostering life-long learning and enhancing employment opportunities • Enhance ways for certain groups of adult women to access existing TED career orientation / counselling services (consider a gender lens), including already employed (and under-employed) women	**Strategic Thrust #2** **Job Clustering (cont'd)** Government will co-operate with business and community partners to: <u>Over the Short-term</u> • Develop baseline data on wage gap related measurement; develop baseline information where there are identified gaps

Partner Roles and Goals	Some Specific Actions x Timeline
Students will address the issue of job clustering at the pre-career selection stage (eg. education system, parents etc.)	**Strategic Thrust #2** **Job Clustering (cont'd)**

STRATEGIC THRUST #3 VALUATION OF WOMEN'S WORK

Partner and Roles and Goals	**Some Specific Actions x Timeline**
The **Business Community** will work with its members to: • Encourage and promote benefits of self-audits of human resource practices and wages • • Adopt gender-neutral job evaluation systems • Adopt wage gap relevant actions in corporate strategic plans and management policies •	In collaboration with government and other partners, the business community will: <u>In the Short-Term</u> • Focus on NB; industry-specific job evaluations • Do gender-based analyses, evaluate and communicate impacts • Communicate wage gap issues with sectors (use Annual General Meeting venue) to change attitudes, address business operational concerns (impact on profitability) <u>Over the Intermediate Term</u> • Monitor effectiveness of communication efforts and contribute to required improvements • Partner in communicating and promoting the benefits of implementing voluntary measures • Communicate that technology is changing occupational opportunities: more sophistication, less need for physical strength, etc.

Partner and Roles and Goals	**Some Specific Actions x Timeline**
Stakeholder community groups will work with their constituents to: • Adopt and build upon best practices currently in operation • Promote leadership in influencing cultural change; set new trends (e.g., «CADRE» from Université de Moncton) • Advocate equal pay for work of equal or comparable value - educate the public	<u>In the Short-Term</u> • Inventory and leverage programs that promote leadership in influencing cultural change; set new trends
Representative of **stakeholder government departments and agencies** will collaborate to: • Better implement (or enforce) equal pay for equal work for all part-time workers (pro-rated) required under *Employment Standards Act*	**Strategic Thrust #3** **Valuation of Women's Work (cont'd)** <u>In the Short-term</u> • Develop employer tools for undertaking pay equity reviews in their workplaces and make these available freely to employers

APPENDIX III

Best Practices Elsewhere

(a) The European Union: Economic Co-operation

In the European Commission's Magazine of the Gender Equality Programme (2001-2005)[xliii] the following actions are suggested for governments to undertake:

- strengthening equal pay legislation to allow group actions and making it easier to take cases to the courts
- developing long-term strategies to raise minimum wages as a tool for closing the gender pay gap
- carrying out pay reviews in government bodies and the public sector to set an example
- ending the under-evaluation of women's work in the public sector and examining the impact of public sector changes on the gender pay gap
- assessing the impact on equal pay of social, economic and labour market policies
- promoting training and development opportunities especially for part-time workers
- promoting work/life balance policies and extending childcare provisions

(b) United Kingdom – Actively Seeking Solutions

In October 1999 the Equal Opportunities Commission (EOC) initiated the *Valuing Women* Campaign. *Valuing Women* is a 3-year campaign to reduce the gender pay gap by "*eliminating those elements of the pay gap that are due to sex discrimination in payment systems*". The *Equal Pay Task Force* was established as part of this campaign. Their report *Just Pay* (February 2001) recommended a five-part approach, focusing on what they believe to be the most effective levers in breaking down the barriers. The approach is focused upon:

- raising levels of awareness and developing a common understanding of what the pay gap means;
- reforming and modernising the equal pay legislation;

- capacity building to ensure that employers and trade unions know how to implement equal pay;
- enhancing transparency and developing accountability for delivering pay equality;
- amending social, economic and labour market policies to complement equal pay measures. [xliv]

(c) UK's "Business Case"

Solutions must be accepted by all stakeholders not resisted. The UK's *Valuing* Women campaign took this same view and mandated economist Denise Kingsmill to review non-legislative and cost-effective ways to improve women's employment and pay. Kingsmill[xlv] responded by making a business case for pay equity (see **Figure 5**), a case for improving what she saw as a productivity problem:

> *" The fact that women are still clustered in lower status and indeed lower paid jobs, and are critically under-represented at all levels of management is an indication that the UK is failing to use and develop the talents of its people to the fullest." (Kingsmill, 2001)*

The Kingsmill Review
of Women's Pay and Employment
"The argument for flexible working conditions, diversity, and pay equality is quite simply a case of good business."
(December, 2001)

Figure 5 – Kingsmill Review "... *a case of good business* ..."

She consulted the evidence and then spoke with employers. She found that organizations are becoming increasingly dependent on their ability to attract, develop and retain their employees. Yet to her surprise, she found many employers who were sympathetic to pay equality but who had no data on how women were doing within their own companies. Arguing that, "*what cannot be measured cannot be monitored nor improved*", she recommended as an important first step that such data be gathered and reported by all employers, whether in the public or the private sector.

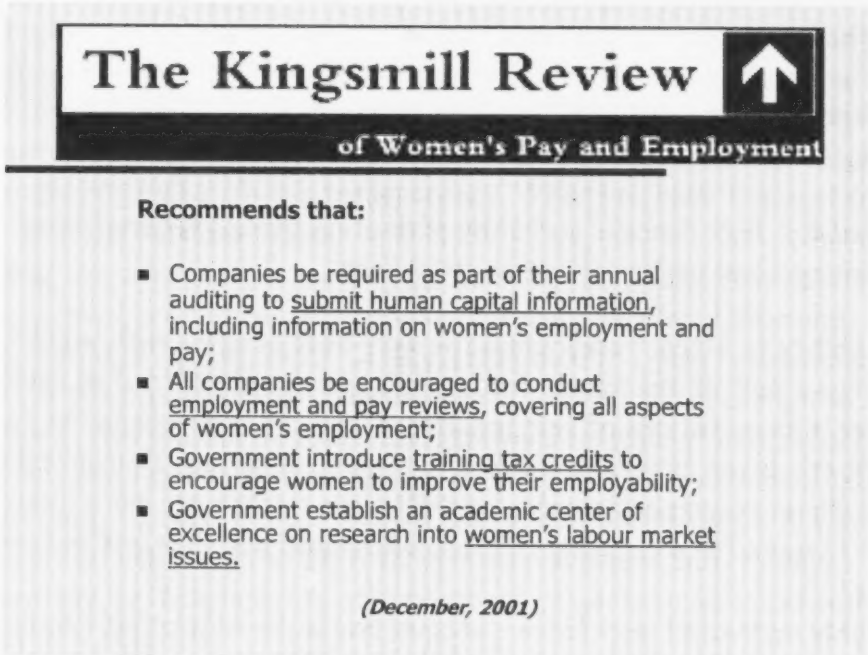

The Kingsmill Review
of Women's Pay and Employment
Recommends that:
Companies be required as part of their annual auditing to submit human capital information, including information on women's employment and pay;
All companies be encouraged to conduct employment and pay reviews, covering all aspects of women's employment;
Government introduce training tax credits to encourage women to improve their employability;
Government establish an academic center of excellence on research into women's labour market issues.
(December, 2001)

Figure 6 - Kingsmill Review Recommendations

For their part, and demonstrating their commitment to immediate action, the government of the United Kingdom announced their response to Kingsmill's report on the day of its release. The government supported the majority of Kingsmill's recommendations which are summarized in Figure 6. Agreeing that the public sector should be treated in the same way as the private sector, the government took action to lead the way in reporting human resource information in their annual reports and in conducting pay

equity reviews within its own operations. On the issue of obligatory action by the private sector, the government supported a voluntary approach, opting to work with employers co-operatively, showcasing best practices and what they call "Fair Pay Champions."

(d) Practical Solutions in the UK

UK's *Equal Pay Task Force*[xlvi] noted a list of common attributes in the best practices they found within both the public and private sectors of the UK:

- they are part of the organisation's corporate strategy;
- they have been developed over a period of time;
- they are grounded in partnership between the employer and the employees; and
- decisions about rates of pay are made objectively.

The *Equal Pay Task Force* is currently promoting three (3) benefits of implementing equal pay practices to employers:

- The ability to attract and retain the very best people - with women now making up half of the labour force employers cannot afford to ignore women's expectations of fair treatment, nor can they ignore the fact that both sexes expect employers to provide equal pay. Opinion surveys have shown young people entering the labour market are more likely to want to work for a company that provides equal pay than one which does not.
- A highly motivated workforce - unequal pay is de-motivating. People need to understand what they are paid for and how their pay is made up.
- Avoidance of litigation - fair and transparent pay systems reduce the risk of Employment Tribunal claims. Equal pay cases are time-consuming and expensive, but they also take the reward system out of the hands of the employer and into the hands of the tribunal. Managing reward strategies in ways which meet the needs of the business means introducing pay systems which can be readily checked for fairness and consistency.

(e) Reducing the Wage Gap - Non-legislative Approaches

Wage gap literature identifies a range of non-legislative approaches that could contribute to reducing the wage gap. Some of these include:

- *Reconfiguring job evaluations* themselves, ensuring they are "gender neutral" or gender inclusive;
- *Internal audits* ... employers can audit for a transparent pay system.
- *Directly addressing wages* - by indexing and raising the minimum wage in the same manner by which pensions are protected in Canada; or by extending a "civil service wage" to mothers implementing a national service wage etc.;
- *Impacting business* -new demands on business, requiring social reporting as part of the annual report such that HR is reported equally with financial reporting. This is transparency. When you have transparency you can no longer harbour abuse;
- *Gender mainstreaming* - bringing gender into the policy analysis and development process, as was resolved upon at the World Women's Conference in Beijing, 1995. Canada's response to those resolutions has been to discuss its gender-based analysis training and training the trainers. There could be tools for employers to ensure that compensation systems and human resource management systems are assessed and addressed. To date, gender mainstreaming approaches seem to have highlighted discussion on work-family balance issues, but it could potentially be broadened to other aspects of workplace compensation policy and practice;
- *Trade unions* - ensuring equal representation of women on bargaining teams (i.e. equal to their proportion of membership). Some research suggests this makes a big difference in the role that unions play and the priorities put forward during the bargaining process;
- *An educational and promotional aspect* that government could undertake would have enormous impact, e.g. social marketing such as *Valuing Women* or fun educational tools. At present *Valuing Women* is very narrowly focused on female graduate students, and has been able to impact the public consciousness in this way;
- *Women-based initiatives* - e.g. universally available child care.

(f) Public Services International (PSI)- Fair Pay for Work[xlvii]

"*Pay Equity refers to the elimination of sex discrimination in the setting of wages: it means fair pay for work.*" It is upon this definition that the Public Services International (PSI) bases its actions to achieve pay equity for women. These actions seek to tackle: pay inequities, the under-valuation of work in female-dominated jobs, women's poverty and low pay for women. In their view, action to achieve pay equity shall be achieved on four fronts:

- achieving equal pay for equal or the same work where identical jobs are compared;
- achieving equal pay for work of an equal value/comparable worth for jobs that are not identical but are of an equal value, e.g. a nurse and a carpenter;
- implementing strategies that address women's low pay and promote a living wage; and
- ending discrimination in pay systems."

APPENDIX IV
POTENTIAL PAY EQUITY INDICATORS

(a) Pay Equity Now! Public Services International (PSI), 2002[xlviii]

The PSI material on pay equity states that a major barrier to pay equity is the absence of data. They identified a wide range of factors that influence and impact on the gender wage gap. These could be considered as the basis of a set of indicators within any organization or region or jurisdiction:

1. level and coverage of collective bargaining;
2. women's representation in decision-making structures and negotiating bodies;
3. existence and level of minimum wages or basic incomes;
4. the structure of pay and the distribution of various pay components such as overtime premiums, seniority payments, performance-related pay and other non-monetary benefits;
5. working hours (FT/PT) and the extent to which organizations provide for flexible working hours to enable men and women to balance work and family life;
6. access to training, promotion and career development.

(b) PSI's Suggested Jurisdictional Indicators for Pay Equity[xlix]

1. the gender wage gap, based on hourly pay, for full-time and part-time workers;
2. the gender wage gap, based on monthly earnings, for full-time and part-time workers;
3. concentration of women in low paid work (i.e. number of employees paid under 60% of median hourly earnings);
4. numbers of women in poverty (incomes under 60% of median hourly earnings);

5. extent of occupational segregation = concentration of women in one occupation;
6. assessment of wage gap by: (1) age, (2) education and (3) family status;
7. the level of minimum wage;
8. the number of women paid at the minimum wage.

ENDNOTES

[i] For complete information, please *see http://www.payequityreview.gc.ca/0600-e.html*

[ii] The Norwegian Center for Gender Equality website, http://www.likestilling.no/genderpaygap

[iii] *Gender Equality in Pay Practices*, Equal Opportunities Commission, UK, 2002

[iv] *British Medical Journal* 312, 1998

[v] *Women's Health in Atlantic Canada: A Statistical Portrait*, Ronald Colman, PhD, GPI Atlantic, February 2000. Such research is also posted as "presentations" in Dr. Colman's website of http://www.gpiatlantic.org

[vi] Information on the HDI and Gdi can be found at the United Nations website of , http://hdr.undp.org/statistics/faq.cfm

[vii] Quote from Human Rights Lawyer speaking before the *Roundtable*

[viii] *Toronto Star, March 6, 2003, By-line: Valerie Lawton*

[ix] Comments Dr. Colman made in his presentation to the NB Wage Gap Roundtable, March 25, 2003

[x] Walby, Sylvia and Olsen, Wendy, " *The impact of women's position in the labour market on pay and implications for UK productivity"*, Women and Equality Unit of UK Department of Trade and Industry, 2002. Full report are available at www.womenandequalityunit.gov.uk

[xi] Comments Dr. Colman made in his presentation to the NB Wage Gap Roundtable, March 25, 2003. See also www.gpiatlantic.org

[xii] *New York Times Money and Business March 17, 2002, « How to Get a Company's Attention on Women's Pay » by Jeffrey L. Seglin*

[xiii] *"Gender Equality in the Labour Market - Lessons Learned", Prairie Research Associates, October 2002*

[xiv] *The Gender Pay Gap*, Women and Equality Unit, UK http://www.womenandequalityunit.gov.uk

[xv] Drolet, Marie (2001),"The male-female wage gap." *Perspectives on Labour and Income*, Statistics Canada, Cat # 75-001-XIE, December see also, Drolet, Marie, "The Persistent Gap: New Evidence on the Canadian Gender Wage Gap", *Research Paper Series #157, Analytical Studies Branch, 2001*

[xvi] Drolet, Marie, "The "Who, What, When and Where" of Gender Pay Differentials, *the Evolving Workplace Series*, Statistics Canada, Cat#71-584-MIE no.4, 2002

[xvii] see note vii

[xviii] *Census 2001, Statistics Canada*

[xix] Drolet, Marie, "Wives, Mothers and Wages: Does Timing Matter?", Analytical Studies Research Paper Series #186, Statistics Canada Cat # 11F0019MIE2002186

[xx] *Trend Letter*, December 23, 2002, p.8

[xxi] New Brunswick Department of Training and Employment Development, 2003

[xxii] Walby and Olsen, 2002 The UK Gender Wage Gap And Gendered Work Histories Research conducted jointly by Sylvia Walby and Wendy Olsen, funded in part by the Cabinet

Office Women and Equality Unit (COWEU), 2002-3 Funded by the Equal Opportunities Commission 2003-2004

[xxiii] Chicha, Marie-Thérèse, *L'équité salariale: Mise en oeuvre et enjeux* (2000). Les Editions Yvon Blais Inc.

[xxiv] Chicha, 2000 - authorized English translation of Chapter One, 2002

[xxv] ibid

[xxvi] *Gender Equality in the Labour Market: Lessons Learned* Evaluation and Data Development, Strategic Policy, HRD Canada, October *2002*, SP-AH149-10-99E

[xxvii] ibid

[xxviii] Iyer, Nitya, *Working through the Wage Gap: Report of the Task Force on Pay Equity* (British Columbia #AG02055), February 28, 2002

[xxix] As a postscript, we have been disappointed to observe that the government of BC has not yet followed through on any of Iyer's recommendations.

[xxx] Grimshaw, Damian and Rubery, Jill, *The Gender Pay Gap: A Research Review*, Equal Opportunities Commission, Research Discussion Series, 2001 www.eoc.org.uk/research

[xxxi] ibid

[xxxii] By this we mean that New Brunswick women will be more fully employed to their potential, in both working hours and actual work performed. More women will be working more hours (less part-time work), in a greater diversity of occupations and will be equal with men in the achievement of their career aspirations and economic potential. See Paragraph 3.16

[xxxiii] Comfort, D., Johnson, K., and Wallace D., *Part-time work and family-friendly practices in Canadian workplaces* , in the Evolving Workplace Series, Statistics Canada *2003, Catalogue no. 71-584-MIE*

[xxxiv] ibid

[xxxv] ibid

[xxxvi] Grant, Daniel, *The NB Wage Gap Roundtable Focus Group Report*, Optimum Human Resources, June, 2003

[xxxvii] ibid

[xxxviii] ibid

[xxxix] ibid

[xl] ibid

[xli] ibid

[xlii] ibid

[xliii] *European Commission's Gender Equality Magazine*, the Norwegian Center for Gender Equality website http://www.likestilling.no/genderpaygap

[xliv] this can be found on the Equal Opportunities Commission website http://www.eoc.org.uk

[xlv] Kingsmill, Denise, *Kingsmill Review of Women's Employment and Pay*, December, 2001, www.kingsmillreview.gov.uk

[xlvi] UK Equal Pay Task Force website http://www4.btwebworld.com/equalpaytaskforce

[xlvii] Pillinger, Jane, *Pay Equity Now! Pay Equity Resource Package*, Public Services International, 2002

[xlviii] ibid

[xlix] ibid